

BUSINESS COMMISSION WEST MIDLANDS INTERIM REPORT

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Introductory Remarks



Mark Taylor,
Chair,
Business Commission
West Midlands

When approached by the CEOs of the Chambers of Commerce in our region I was delighted to accept their invitation to chair the Business Commission West Midlands. In my view, the purpose of the Business Commission is clear – to translate the voice of business into a clear and compelling summary of the proactive steps that are required to support future growth and prosperity in the region. I was pleased to attend a number of the evidence hearing sessions throughout the process and it was clear to me that businesses across the West Midlands were very enthusiastic about the growth prospects for the region.

In holding these conversations with firms operating across the board, it was evident that they felt the West Midlands is a fantastic place to do business and that it is essential that we build upon our rich heritage to ensure our assets remain resilient in a rapidly changing world. Whilst it is clear that many companies are operating in challenging circumstances right now, the resilience they continue to display is a testament to the strength of the local business community - the feedback we've gathered from these firms will now play an important role in shaping our asks from regional and national stakeholders as we look to unlock the latent potential that lies at the heart of our region.

Comment from the CEOs



Henrietta Brealey,
CEO,
Greater Birmingham
Chambers of
Commerce



Sarah Moorhouse,
CEO,
Black Country
Chamber of
Commerce



Corin Crane,
CEO,
Coventry &
Warwickshire
Chamber of
Commerce

The level and pace of change that the business community has experienced in recent years has been extraordinary. At the same time, sluggish economic growth presents a critical challenge to our society, including the funding key public services. In this context we need a fundamental reset of our understanding of what businesses need to fulfil their growth potential.

With more change ahead in the form of significant elections, there is an opportunity, and a need, to influence by presenting a strong, clear voice from the region's businesses. This is why the region's three Chambers of Commerce have joined together to convene the *Business Commission West Midlands*.

Under the steer of our academic advisory panel and private sector Commissioners, the Commission has undertaken evidence hearing sessions with over 100 business and organisations. The following outlines what they have told us – the feedback from the business community on what they hold front of mind when it comes to strategies, barriers and opportunities for growth.

We will use this *Interim Report of the Business Commission West Midlands* to engage businesses, stakeholders and partners from across all sectors and seek their insights on the emerging themes ahead of issuing the final report and recommendations in March 2024.

As with everything we do as Chambers of Commerce, the Commission has only been made possible by our partners, with particular thanks to Aston University, Birmingham City University, Douglas Wright T/A McDonalds, University College Birmingham and The University of Birmingham, and the engagement of our local business community.

About the Chambers of Commerce

Greater Birmingham Chambers of Commerce

The Chamber are here to unleash the potential of Greater Birmingham's businesses. We give them the tools to build their profile and networks, access opportunities and learn from best practice locally, as well as trade internationally.

We are a not for profit business membership and support organisation that exists to Connect. Support. Grow. local businesses.

We're in it for the long haul - we've been putting the *us* in *business*, since 1813. Today's Chamber has over 2,500 members, ranging from young professionals and start-ups to multinational corporations.

The Chamber is an unwavering voice and champion of local businesses, working in partnership with stakeholders across the region to make Greater Birmingham the best possible place to work and do business.

Black Country Chamber of Commerce

The Black Country Chamber of Commerce is the leading regional business support agency for firms based within or doing business across Dudley, Sandwell, Walsall and Wolverhampton.

We operate in a not-for-profit capacity and work hard for our members across the region's business community.

Through our services and initiatives, we provide platforms and opportunities for businesses to grow, connect and become part of a thriving network which shines a spotlight on the amazing work local companies are doing and helps to make the Black Country a great place to do business.

Coventry & Warwickshire Chamber of Commerce

We are a local hub for businesses to access a broad offer of business support.

We are one of 53 accredited Chambers of Commerce in the UK and together we make up a strong network of trusted champions of businesses, places and global trade.

At Coventry & Warwickshire Chamber of Commerce, we're uniquely placed to help businesses of every size and sector. Meaning from micro one-person businesses to our largest employers, we're all in it together, locally, nationally and globally.

Executive Summary

The Business Commission West Midlands:

The *Business Commission West Midlands* has been convened to deliver a roadmap for business growth. It is delivered by the West Midlands Combined Authority area's three Chambers of Commerce: The Greater Birmingham Chambers of Commerce, Coventry & Warwickshire Chamber of Commerce and Black Country Chamber of Commerce. It is overseen and steered by an independent panel of Commissioners who are leading representatives of the region's business community and supported by an advisory panel of academic experts.

Between November and December 2023, 132 businesses contributed evidence to the Commission alongside 8 public sector organisations and 10 membership organisations or cluster groups.

What follows is the interim report of the Commission, intended to provide the business and stakeholder community with an update on the progress of the Commission. It offers observations on the insight and evidence received from the business community to date. It does not provide recommendations for action; these will be including the final report of the Business Commission West Midlands due for publication in March 2024.

The Regional Context:

The Commissioners and members of the Advisory Panel for the BCWM identified the following elements as prime levers for growth across the region:

- **International Trade:** The Midlands has consistently proven to be one of the UK's best performing regions for trade in goods based on its historical manufacturing strengths; in 2019 it exported £56bn of worth of goods which accounted for 16% of the UK's overall goods exports. However, the twin economic shocks of Covid-19 and Brexit have particularly impacted our international trade flows and this trend has been most pronounced in the machinery and transport sectors.
- **Net Zero:** The West Midlands Combined Authority (WMCA) has ambitious plans in place to build upon the region's traditional strengths in manufacturing and transport. The low carbon sector already employs 94,000 people and generates £12bn in revenue per year across the West Midlands.
- **Innovation:** In the four years since 2019, Innovate UK (the Government's Innovation Agency) has invested over £935m into organisations and innovation infrastructure in the West Midlands. This also compliments the Government's desire to spend at least 40% more on public R&D outside the Greater South East by 2030.
- **Foreign Direct Investment & Inward Investment:** 181 Foreign Direct Investment projects landed in the West Midlands during the 2022/23 financial year overtaking the South East for the first time and representing 10% of the UK's total FDI wins – much of this was bolstered by the advent of the 2022 Commonwealth Games held in Birmingham.

- **Artificial Intelligence & Digital Transformation:** The Department of Science, Innovation Technology (DSIT) estimates that the Artificial Intelligence (AI) Industry contributes £3.7bn in GVA across the country. Despite accounting for 11% of the UK's AI company population, the region has received relatively low levels of funding in relation to AI projects and development compared to other parts of the country.

The Commissioners and members of the Advisory Panel for the BCWM also identified the following elements as cross cutting enablers which would contribute to the unlocking of growth across the levers identified above.

- **Cash & Finance:** Research published by City REDI revealed that 2.5% of businesses in the West Midlands reported that debt repayments were between 20% and 50% of turnover and almost a third of businesses noted that repayments were up to 20% of turnover. 30% of businesses in the West Midlands are also locked into fixed energy tariffs which are three times higher than their pre-crisis rates.
- **Built Environment:** In 2021, 69.9% of trips per person were made by cars and vans across the West Midlands - higher than the average for England (63.1%). The advent of HS2 is already having a clear impact on the region with over eight thousand jobs created by the project across the West Midlands. Vacancy rates on the high streets reached 5.8% in the West Midlands - above the national average of 4.7%.
- **People, Process & Skills:** In the three months ending July 2023, the unemployment rate for the West Midlands stood at 5.0% - only the North West (5.3%) recorded a higher rate. The region remains attractive for international students (with over 50,000 studying in the West Midlands) but the locale has a higher proportion of the working age population with no qualifications (8.8%) compared to the national average of 6.6%. The region is also recognised for its strengths in technology areas such as 5G, Quantum and Cyber Security with over 1300 businesses operating locally in the sector - the equivalent of 14% of the UK total.
- **The Business Eco-system:** Following the Government's announcement that Local Enterprise Partnerships were to be wound down across the country, a newly formed organisation, Business Growth West Midlands has been created to advise local businesses on funding opportunities and support in growing their business. In November 2023, the Chancellor announced the West Midlands had been chosen as one of three sites across the country to deliver an Investment Zone which is expected to create 30,000 new jobs across the region.

Formal evidence hearing sessions were organised to explore businesses' experiences of the levers for growth and cross cutting enablers in depth across the following sectors:

- **Business, Professional & Financial Services:** There are currently 48,400 companies employing 343,000 people across these sectors in our region - the largest sector in the WMCA area.
- **Hospitality, Retail & Visitor Economy:** The hospitality industry contributed £6.7bn in terms of GVA in 2022 (the equivalent of 3.8% of the region's total GVA). A total of 141.2 million visited the region in 2022 - an increase of 5% compared to 2019.

- **Technology & Creative Services:** The estimated economic output for the Fintech sector in the region is £474m – an increase of 18% in two years. The cultural sector accounts for £1.1bn of the region’s total economic output
- **Manufacturing:** The sector accounts for approximately 12% of all jobs in the region – above the national figure of 7%. In 2021, 97,000 were employed in the low carbon and environmental goods sector, in addition to being the fastest growing sector in the West Midlands between 2019 and 2020.
- **Built Environment:** In the six years to 2023, 422 companies based in the West Midlands have received a share of £1.7bn in contracts as part of the HS2 construction programme. In the year to March 2022, 16,730 new homes were built – surpassing pre-Covid levels.

The Challenges:

A number of consistent themes emerged from the evidence provided across the sectors which impacted business’ prospects for growth in relation to the identified levers for growth and cross cutting enablers:

- **International Trade:** The UK’s departure from the European Union has led to additional cost pressures for a range of firms – particularly those citing the skills shortages which have been exacerbated by Europeans returning to their country of origin. Supply chain disruption and the practical difficulties in moving goods to Europe was also mentioned by a number of firms as a common theme amongst manufacturers and those operating in the visitor economy sector.
- **Net Zero:** Larger firms have started to make concerted efforts to reduce their carbon footprint and are exploring the commercial opportunities related to it – however, many are struggling to recruit experienced sustainability experts to drive systemic change. Sourcing the correct baseline data from businesses in their supply chain was listed as a significant barrier to change amongst larger firms whereas smaller businesses noted a desire to implement sustainability measures but many lacked the specialist knowledge and the financial resources required to implement change. It was also noted that few SME firms cited diversifying into net zero related products as a strategy for growth.
- **Innovation:** Whilst many larger firms welcomed the move to make full expensing permanent, a number felt that the current levels of corporation tax disincentivised further firm level investment. Smaller firms also expressed a desire to invest more in technology and training but were hindered by cash flow pressures and large overheads. A number of businesses concurred that more agreeable R&D tax incentives would boost innovation but also help to attract more high-profile companies from overseas.
- **Foreign Direct Investment & Inward Investment:** Several businesses cited the positive impact of the Commonwealth Games as raising the global profile of the region, but expressed concern that momentum may be lost in attracting additional investment. Firms also pointed out that the instability witnessed in Government over recent years has acted as a deterrent on potential investment. Organisations felt that our regional marketing and investment strategies appear less joined up thinking in comparison to other parts of the country. Participants also recognised the need for strong city identities in region wide marketing campaigns – in essence, showcasing the

central importance of our large cities and the broader impact they have can on region wide prosperity.

- **Artificial Intelligence (AI):** Many firms recognised that AI was likely to have a bearing on their business planning for years to come, but were unable to chart a specific picture of impact given the rapidly evolving nature of the technology. Smaller firms seemed to have less direct planning related to the use of this technology, whereas a number of larger professional services and manufacturing firms had started using technology to a limited degree but were concerned about the long-term implications on their workforce.

Cross-cutting enabler for growth – Cash & Finance

- Smaller firms cited a significant squeeze in cash flow as a result of escalating energy bills, rising interest rates, rising wages and higher inflation. The biggest drain of resources for larger firms tended to relate to recruitment challenges.
- Larger firms that have built up cash reserves reported hesitancy to invest due to the unstable political and economic environment. Organisations also cited the challenges they face in securing external investment in relation to Venture Capital & Private Equity as a regional issue – with a number of businesses also reporting a lack of support to scale up their business which in turn would make them more attractive to outside investment.
- A range of businesses were critical of the high costs associated with paying business rates and VAT and the adverse impact they had on growth prospects.

Cross-cutting enabler for growth – The Built Environment

- Whilst many recognised the challenges facing traditional high streets, a number of firms called for the need to repurpose empty units in order encourage further uptake. Smaller firms also namechecked spiralling rental costs as acting as a break on growth and in some cases, contributing to business failure.
- Business operating across a range of sectors cited the problems associated with a shortage of employment land – manufacturers noted that many sites are unsuitable to their needs (particularly from an infrastructure point of view) and those operating in the Professional Services and Technology sectors mentioned wider concerns about the availability of commercial property in relation to the often-seen prioritisation of residential sites. Businesses also namechecked the inefficiencies of local planning and the knock-on impact this had on accelerating development and investment projects.
- Whilst firms recognised the economic effect that HS2 had already had on the region, many were concerned about the Government’s decision to curtail the project beyond Birmingham and the impact this could have on future investment plans in the region. Many businesses cited challenges with the local transport system including a perceived miss-match of provision of public transport and employment needs regarding the nighttime economy and business parks, the absence of an integrated public transport system and importance of joined up thinking across regional transport and planning strategies across the region.

Cross-cutting enabler for growth – People, Process & Skills

- It was observed that a lack of business management knowledge amongst smaller firms was likely to impede their development aspirations. The importance of developing leadership and management capability and knowledge was highlighted by firms in a range of sizes and sectors.
- Recruitment challenges remain prevalent for business of all sizes – smaller firms in particular reported having limited interaction with academic institutions to source more junior candidates and often rely on their own network to try and fill vacancies. Medium sized companies referred to the difficulties they faced in finding individuals with the right managerial skillset.
- Larger firms noted the obstacles they faced retaining graduates in the long term (especially in comparison to school leavers or apprentices they hired) and a range of businesses expressed the challenges associated with the Apprenticeship Levy and the subsequent impact this had on the quality of training for those in entry level roles.

Cross-cutting enabler for growth – The Business Ecosystem

- Business of all sizes noted the lack of consistency from Government in public policy with frequent examples related to the future of HS2, changing policy environment on the transition to net zero and the need for certainty in strategic infrastructure priorities such as potential of hydrogen. In addition, the lack of a clear national Industrial Strategy and the changing nature of the business support landscape all seemed to cause confusion and weakened investor confidence.
- Many firms acknowledged the problems they faced in securing work on local public sector projects – with several smaller and medium sized businesses referring to onerous procurement procedures or concerns regarding disproportionate application of Environmental, Social and Governance criteria to smaller organisations and contract sizes.
- Businesses welcomed the introduction of Levelling Up Zones and Investment Zones but many remained unclear as to how they would benefit from these projects. In addition, the fiscal challenges that many local authorities are facing were also considered to have a likely impact on the attractiveness of the region to potential investors.
- Navigating the business support landscape was named as a challenge for businesses of all sizes with smaller firms unsure as to the support that public sector organisations could offer in order to help them grow their business or the role of different public sector organisations at different levels of local and national government play in key agendas for business.

The Strengths:

Across the evidence hearing sessions, businesses were asked for their feedback in relation to the strengths and assets we would need to build upon in order to drive growth. The following factors were consistently highlighted:

- **Central Location:** the positioning of the region within the country offers huge economic benefits, particularly in terms of distributing goods and the global connectivity that Birmingham Airport offers.
- **A world-class education eco-system:** the region is home to a number of world-class universities and leading Further Education colleges which play an important role in shaping the workforce of the future.
- **A sense of momentum:** businesses cited a perception that the region has historically been underestimated but over the past decade has been on a significant upward trajectory, unlocking its latent potential through physical transformation and success attracting business investment.
- **A strong manufacturing heritage, established professional services sector and growing technology sector:** the West Midlands has globally renowned powerhouses such as Jaguar Land Rover, Mondelez and Rolls Royce and extensive supply chains operating in the region. The blossoming advanced manufacturing sector is also viewed as a huge asset along with the established professional services sector and growing technology sector.
- **Access to networks:** businesses expressed the view that it felt much easier to embed themselves in the fabric of the region compared to the likes of London; this in turn made it easier to access networks, stakeholders but also influence policy makers.
- **Harnessing the role of the West Midlands Mayor:** many firms cited the importance of the Combined Authority Mayoral model in cultivating international investment, championing the region and the continued need for securing even more funding and powers from Central Government.

The Interim Report of the Business Commission West Midlands

In terms of the structure of the Interim Report, the following sections outline the objectives behind the BCWM, and the research methodology employed on the project. The paper goes into specific detail on the national and regional context that businesses find themselves operating in (particularly in relation to the levers for growth and cross cutting enablers identified by the Commissioners and members of the Advisory Panel). The paper outlines the strengths of the sectors that have been identified for the purpose of this study and then offers a framework of analysis of the growth prospects of businesses of all sizes. The report then goes on to outline the sector specific trends that impact growth prospects for businesses and then summarises the strengths and assets commonly identified by local businesses that need to be harnessed to champion growth. The report concludes with a section which looks ahead to the publication of the final report which will build on the key themes identified throughout and put forward a series of recommendations for local, regional and national stakeholders that will act as a blueprint for growth across the region.

Background to the Business Commission West Midlands (BCWM) & Structure of the Interim Report

Background

The West Midlands is an excellent place to start, grow or invest in a business which is evidenced by the fact we saw the country's highest year on year growth in FDI projects between 2022-23 and 2021-22. The region is home to 12 higher education institutions, educating over 150,000 students and producing over 50,000 graduates each year. It is one of the best-connected places in the country by road, rail and air and set to become even more so with the advent of HS2.

However, fundamental issues remain which continue to impact our long-term growth. Regional GVA fell by 4.9% in 2020 and subsequent recovery has been slower than other UK regions. The West Midlands unemployment rate (5.0%) remains one of the highest of any region in England. Business growth (in terms of scale up capacity) lags behind other regions. In 2021, the West Midlands region reported the highest business death rate (13.0%) in the UK. Businesses in the West Midlands have a five-year survival rate of 34.6% - compared to the UK average of 38.4% in 2021.

We are in a period of great change as the region's business community navigate the aftermath of the COVID-19 pandemic, Brexit, digital industrial revolution and transition to net zero against a backdrop of global economic uncertainty. Nationally and regionally our public sector institutions and leaders are also evolving as an enhanced devolution deal came into force last year and local elections, a WMCA Mayoral Election and General Election are all expected this year.

In this context, we believe that the time has come for a fundamental reset in our understanding of what local businesses need to fulfil their growth potential. There is a need, and opportunity, to present a clear voice to local, regional and national government, drive action and meaningfully shift the dial on the region's business survival and growth outcomes, and with it, economic growth potential.

Objectives

The Business Commission West Midlands (BCWM) has been convened to oversee the production of a Roadmap for Business Growth. An apolitical body, the Commission is comprised of leaders in enterprise, supported by an expert advisory panel. Led by an independent Chair and panel of private-sector Commissioners drawn from a range of industries, at heart, BCWM is a mass engagement and research exercise, giving a meaningful voice to the local business community. Delivered by the Greater Birmingham Chambers of Commerce's Insight & Intelligence Unit, in partnership with the Black Country and Coventry & Warwickshire Chambers of Commerce, the Commission undertook detailed conversations and quantitative research with hundreds of businesses across the region.

The main objectives of the Business Commission West Midlands are as follows:

- a. To Identify trends in businesses' priorities and appetite for growth.
- b. To outline key areas of change identified by local businesses as required to enable further business growth.
- c. To outline key areas perceived as strengths of the regional business environment by local businesses.
- d. To map the existing initiatives, interventions and actors aimed at enabling business growth in the region.
- e. To recommend policy changes, initiatives, areas for further research or other interventions required locally, regionally or nationally to better enable business growth.

In essence, the BCWM has been established to explore the region's businesses' priorities and appetite for growth, identifying opportunities, challenges, and providing strategic recommendations for local, regional and national stakeholders. The West Midlands is defined as the West Midlands Combined Authority area, utilising the functional economic geography definition of the WMCA's three Local Enterprise Partnership areas.

The findings from the Commission will be utilised directly to influence local, regional and national stakeholders. It will become the basis of the lobbying messages for the coming years, our bedrock for championing positive change to drive commercial opportunities for local businesses. After a formal launch, we will revisit the findings of the Commission one year on to review impact and outcomes.

The Commission is chaired by Mark Taylor, Regional Managing Partner of RSM and our panel of private-sector Commissioners are drawn from a range of industries from across the West Midlands as a whole.

The Commissioners:

- Chair: Mark Taylor, Midlands Managing Partner, RSM
- Sandra Wallace, Joint MD, DLA Piper (and Birmingham Chair of TheCityUK)
- Declan Allen, MD, HORIBA MIRA
- Carmen Watson, Chair, Pertemps
- Jason Wouhra OBE, CEO, Lioncroft
- Jeanette McFarland, COO, Assa Abloy Opening Solutions
- Melissa Snover, Founder, Rem3dy Health
- Dan Barlow, CEO, Kagool
- Eleanor Deeley, Joint MD, Deeley Group
- Deb Leary OBE, Founder, Forensic Pathways
- Vicki Wilkes, Director, Darvick Ltd

Henrietta Brealey, CEO of the GBCC acted as a Convenor for the Commission throughout the process.

The Commission was complimented by a panel of Academic Advisors, identified to provide expertise in areas underrepresented by the core Commissioner Panel. Given the geographic spread of the project, members of the Advisory Panel have been selected from academic institutions based across the West Midlands as a whole.

The Advisory Panel:

- Doctor David Paulson, Dean of the Business School, University College Birmingham
- Professor Monder Ram, Director, Centre for Research in Ethnic Minority Entrepreneurship, Aston University
- Professor Jun Du, Professor of Economics at Aston Business School, Aston University
- Professor Nigel Driffield, Professor of International Business & Deputy Pro Vice Chancellor for Regional Engagement at Warwick Business School
- Professor Anne Green, Professor of Regional Economic Development, University of Birmingham
- Vikki Potts, Director of the Business School & Head of Law, University of Wolverhampton
- Mike Leonard, Visiting Professor, Manufacturing & the Built Environment, Birmingham City University

Raj Kandola, Director of External Affairs of the GBCC, acted as the Convenor for the Advisory Panel throughout the process.

As part of the research process, extensive in-depth qualitative discussions have taken place with over a hundred businesses in the region. The findings from this engagement will form the base of our thematic analysis around the growth opportunities that lie at the heart of the region and the strategic interventions required from local, regional and national actors in order to unlock growth – the basis of the findings included in this report will then shape our asks of local, regional and national stakeholders in the final report which will be published in March 2024.

Structure of the Interim Report

The following section outlines the research methodology we have followed through the engagement process. Businesses across a range of sizes and sectors were consulted throughout the Autumn of 2023 – all of which have a physical presence in the West Midlands itself. The following section of this report attempts to contextualise the feedback we received from businesses across the country in relation to the economic and political developments which are impacting firms at both the local and national level. In addition, this section outlines the factors which were outlined by the GBCC's Chamber Council as levers and cross cutting enablers of growth.

A later section summarises the emerging themes which have arisen from discussions with the business community over the last two months and utilises a framework of analysis which identifies common factors that impact businesses of different sizes across the sectors in relation to the cross-cutting enablers identified by the GBCC's Chamber Council. The next section outlines specific factors which impact growth prospects for firms operating across the following sectors:

- Business, Professional & Financial Services
- Hospitality, Retail & Visitor Economy
- Technology & creative services
- Manufacturing
- Built Environment

An additional section explores the strengths and assets across the business community that contribute to the region's growth (as identified by businesses that we engaged with throughout the process). The final section sets out how we will use the feedback included in this report as the building blocks to formulate our asks of local, regional and national actors in a bid to unlock growth and prosperity across the West Midlands as a whole.

Research Methodology

In establishing the BCWM, our aim was to explore:

- What are the growth aspirations of local businesses?
- What actions or change is needed from local, regional and national stakeholders to best unlock business growth across the West Midlands?
- What do businesses see as the key strengths of the West Midlands as a place to grow a business?
- What is the current business support offer available to businesses in the region?

In order to fulfil these objectives, the GBCC Insight & Intelligence Unit worked closely with the Commissioners and Advisory Panel to formulate a rigorous research and engagement plan which aimed to incorporate both quantitative and qualitative research methods.

Qualitative Research Methodology

In order to frame the discussions and offer a structure which reflects the real world political and economic context that local businesses find themselves operating in, a qualitative research methodology was developed by the GBCC Insight & Intelligence Unit in consultation with the BCWM Commissioners and Advisory Panel to formulate an identifiable set of levers for growth and associated cross cutting enablers that impact prospects for economic growth.

The following levers for growth were chosen:

- International Trade
- The transition to Net Zero
- Innovation
- FDI & Inward Investment
- Artificial Intelligence

The following cross cutting enablers were also identified:

- Cash & Finance
- Built Environment
- People, Process & Skills
- The Business Ecosystem

In addition, in order to analyse trends which emerged from businesses operating in similar fields, evidence hearing sessions were held with firms operating in the following sectors:

- Business, Professional and Financial Services

- Hospitality, Retail & Visitor Economy
- Technology & creative services
- Manufacturing
- Built Environment

The formal evidence hearing sessions were used to explore businesses' experiences of the levers for change and cross-cutting enablers in depth, utilising a standard set of prompts (see below for details). Session participants were selected to ensure representation from key business demographics – namely company size (micro, small, mid-sized, large) and the sectors listed above. Participants were also director level or equivalent in their organisations. Between October and November 2023, 10 formal evidence hearing sessions took place. In addition, 12 one on one conversations took place with representatives that were unable to attend the evidence hearing sessions in person. Businesses were also encouraged to contribute written submissions via the GBCC website of which 10 responses were submitted. The Appendix includes a full list of organisations that contributed to the qualitative discussions.

In total, 82 businesses participated in the sessions, and 80% of this group provided further details on their turnover for the last financial year and the number of people they employ in the West Midlands. When looking at turnover, 51% disclosed that their company's figure was less than £10m, 31% reported between £11m-£299m, and 18% had a turnover greater than £300m. In terms of employee numbers in the West Midlands, 18% employed 1-10, 24% employed 11-49, 26% employed 50-249, and 32% reported a headcount greater than 250.

Participants were asked the following questions throughout each interaction in order to conduct baseline analysis around the qualitative feedback we received from businesses across the region:

Q. When thinking about the next circa 5 years, what does growth look like for your business? And what do you see as the key strategic areas of focus or investment that will enable you to achieve it?

Q. In your view, what changes or additions to the regional or national environment would better facilitate your growth ambitions or better enable the region to compete internationally across the following areas:

-Cash and finance

-People, process and skills

-The Built Environment

-The Business Ecosystem

Q. What strengths or assets do you see in the region that supports business growth?

In addition to the sessions with businesses, two roundtables were held with organisations that interact with local businesses on a daily basis – namely, business membership groups and local public sector stakeholders. Participants in these sessions were asked the following questions:

Q. When thinking about the next c.5 years, what do you believe growth looks like for the business community that you work with? And what do you see as the key strategic areas of focus or investment that will enable businesses to achieve it?

Q. In your view, what changes or additions to the regional or national environment would better facilitate businesses' growth ambitions? On:

- *Cash & Finance*
- *People, Process & Skills*
- *The Built Environment*
- *The Business Ecosystem*

Q. What strengths or assets do you see being delivered by your organisation or in the region that support business growth?

The findings from each of those sessions have also been incorporated in the sections below. In addition, a full list of participants within these two roundtables has been included in the Appendix.

Quantitative Research Methodology

Between 6th November and 29th November, the GBCC, Black Country Chamber of Commerce and Coventry & Warwickshire Chamber of Commerce runs a series of survey questions in their respective Quarterly Economic Surveys related to the objectives of the BCWM as outlined above. By way of background, the Quarterly Economic Survey is the longest running survey of its kind in the West Midlands and offers a snapshot of the economic health of the region. Survey questions cover domestic and international activity, recruitment trends and investment intentions.

Early thematic analysis gathered from the Evidence Hearing sessions was utilised in order to shape the questions which were incorporated in the surveys and covered topics such as:

- Aspirations for growth
- Perceptions of the West Midlands as a place to grow a business
- Key areas connected to the cross-cutting enablers and levers for growth presented

In total, 219 businesses responded to the questions – the full breakdown of questions is included in a later section which focuses on the recommendations for local, regional and national stakeholders. This will be published in the final report which will be released in March 2024. Please note a full breakdown of analysis from the quantitative analysis will be made available with the publication of the final report.

National and Regional Context

Ahead of sharing the key themes which emerged from the discussions, it is worth contextualising the findings in relation to the economic and political context that firms in the region find themselves operating in. We have framed this around the levers for growth and cross-cutting enablers which anchored our discussions throughout the process. Where possible, we have focussed on the productivity gains that are linked to improved performance in each of these areas.

Levers for Growth - International Trade

From a national perspective, as of October 2023, the value of UK good imports went up by £3.6bn with rises in imports from European Union countries and non-EU countries. The rise in imports was driven by an increase in larger imports of machinery and transport equipment from both EU and countries outside of the European Union. By contrast, the value of goods exports increased by £0.4bn in the same period as the UK saw an increase of exports to non-EU countries, whilst exports to the EU decreased. The total trade in goods deficit also narrowed by £2.1bn to £47.3bn in the three months to October 2023, while the trade in services surplus widened by £0.2bn to £38.1bn¹.

Britain's departure from the Single Market has seen trade in goods with the EU fall noticeably after the end of the Brexit transition period with UK imports from the EU dropping by around 25% more than UK imports from the rest of the world². Whilst the introduction of the Trade Co-Operation Agreement (TCA) and the subsequent introduction of the Windsor Framework has aimed to smooth trading relations between ourselves and the European Union³, research published by the OBR in 2021 revealed a 4% structural lowering of UK GDP growth, as a result of the non-trade barriers to goods and services which were created by the TCA. A more recent study published by the same body found that the UK had become the least trade-dense economy in the G7 for trade in goods⁴.

The latest regional trade statistics published by the ONS in the summer of 2023 revealed that in 2021, the West Midlands saw the second largest fall in total exports at £8.5bn (17.4%), which was mainly as a result of the £6.1bn (22.6%) decrease in goods exports in the manufacturing industry. Likewise, in the same year, the South East of England and the West Midlands saw the largest fall in total imports – an £8.6bn (16.2%) in our region⁵. Context is key – given the structural make up of our regional economy,

¹ ONS. (2023) [UK trade - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

² Tony Blair Institute for Global Change. (2023) [Three Years On, Brexit Casts a Long Shadow Over the UK Economy \(institute.global\)](https://institute.global)

³ UK Trade and Business Commission. (2023) [UKTBC+Trading+our+way+to+prosperity+30_5_23+Digital.pdf \(squarespace.com\)](https://squarespace.com)

⁴ British Chambers of Commerce. (2023) [BCC-Trade-and-Cooperation-Agreement-Three-Years-On.pdf \(britishchambers.org.uk\)](https://britishchambers.org.uk)

⁵ ONS. (2023) [International trade in UK nations, regions and cities - Office for National Statistics](https://ons.gov.uk)

the region was always likely to suffer following the twin economic shocks of Covid-19 and Brexit⁶. It is clear that the UK's departure from the European Union has had an impact on the national economy as a whole.

From a regional perspective, the Midlands was one of the UK's best performing regions for trade in goods in 2019, exporting £56bn worth of goods which made up around 16% of the UK's overall goods exports – however, the value of trade fell by £10bn in 2020. According to research published by the Midlands Engine, by the summer of 2022, the region's export performance was lower than the equivalent period in 2019- exporting less in value compared with the pre-Brexit and pre-pandemic era and overall, contributing less to the UK's total exports that had previously been the case. The same paper revealed that the fall in trade was more pronounced in markets outside of the EU than in the EU itself and most prominent in the machinery and transport sector⁷. Therefore, the challenge to improve export activity amongst local businesses should be a high priority for both regional and national stakeholders alike, particularly as previous studies have shown that businesses that specialise in goods exports or imports were around 21% and 20% more productive respectively than their non-trading counterparts⁸.

Levers for Growth – The Transition to Net Zero

Over the last three decades, the UK has made marked strides in attempting to reduce its carbon emissions. The Government has stated its aim to reduce emissions by 68% by 2030 (compared to levels recorded in 1990) and is the only major economy to set a target of 77% for 2035⁹. Whereas the UK has cut emissions faster than a number of their G7 counterparts in the same time period (such as Germany, France and the USA), recent developments have led to questions being raised around the likelihood of the Government reaching these targets – for example, moving back the ban on the sale of new petrol and diesel cars by five years to 2035, setting exemptions to the phase out of fossil fuel boilers and delaying the ban on installing oil and LPG boilers and new coal heating for off-gas-grid homes to 2035.

From an economic perspective, analysis produced by Deloitte revealed the likely economic uplift the UK experience as a result of shifting towards a Green Economy¹⁰. In particular, the study revealed the potential of the hydrogen sector creating approximately 100,000 new jobs by 2050 and the creation of green jobs went up by 8% from 2021-22 compared to total UK employment which saw an increase of 0.5%. The Skidmore Review published in 2022 revealed that were already around 400,000 jobs in low-carbon businesses and their supply chains across the UK, with turnover estimated at £41.2bn in 2020¹¹.

⁶ J. Read, City-REDI. (2022) [Brexit and the West Midlands: What Has Happened in the Last Five Years? – City-REDI Blog \(bham.ac.uk\)](#).

The Midlands Engine Export Challenge Trade Report (see below) has more recent examples of trade flows between our region and the European Union

⁷ Midlands Engine. (2023) [Midlands-Engine-Export-Challenges-1.pdf \(midlandsengine.org\)](#)

⁸ ONS. (2018) [UK trade in goods and productivity: new findings - Office for National Statistics \(ons.gov.uk\)](#)

⁹ Prime Minister's Office – 10 Downing Street. (2023) [PM recommits UK to Net Zero by 2050 and pledges a "fairer" path to achieving target to ease the financial burden on British families - GOV.UK \(www.gov.uk\)](#)

¹⁰ Deloitte. (2022) [deloitte-uk-a-blueprint-for-green-workforce-transformation.pdf](#)

¹¹ Department for Business, Energy and Industrial Strategy (2022) [Chris Skidmore launches net zero review - GOV.UK \(www.gov.uk\)](#)

From a regional perspective, businesses across the West Midlands are also primed to benefit from the transition to net zero. The West Midlands Combined Authority (WMCA) has set ambitious targets to reach a net zero target of 2041. In 2022, it published a breakdown of how the region would achieve these ambitions and the likely economic uplift it was to have for the wider business community. Across the region, the current low carbon sector already contains 5,000 businesses, employs 94,000 people and generates £12bn of low carbon revenue per year. Plans published by the WMCA reveal targets to create 21,000 jobs between 2021 and 2026 with the associated economic growth expected to create a 7% uplift in employment across the region. Nascent net zero clusters cover electric light vehicles and battery storage (expected to create up to £950m in output and potentially over 12,000 jobs), modern & low carbon utilities (expected to create a growth in output of up to £470m and approximately 5,000 jobs) and manufacturing of future housing (expected to create a growth in output of up to £320m and approximately 3,500 jobs).^{12 13}

Research published by PwC revealed that the demand for green jobs remains resilient in the West Midlands. According to data published in December 2023, there were 16,157 green opportunities posted in 2023, compared to 24,044 published in 2022 – which represents a fall of 32%. However, the figure for 2023 lags significantly behind the likes of the North West (31,896) and the South East (55,569). Nevertheless, green jobs accounted for 2.1% of overall roles in the region in 2023, a slight uplift from the 2.03% recorded in 2022¹⁴. In addition, research published by the CBI underlined the productivity uplift investment in the net zero can bring. In particular, the net zero economy generates £112,300 in GVA per employee, which is 1.7 times larger than the national average and the net zero economy across the Midlands as a whole is 2.5 times more productive than the regional average¹⁵.

Levers for Growth – Innovation

Innovation as defined by the Government in its 2021 UK Innovation Strategy is ‘the creation and application of new knowledge to improve the world’¹⁶ and has long been a central driving force behind the UK’s long term economic growth over centuries. Over the last century, GDP per person in the UK has gone up by 340% - mainly down to innovative developments in technology related to electrification and advancements in transport. In the years since the global financial crisis, the UK’s productivity slow down has been well documented, with labour productivity growing by 0.4% a year in the UK between 2008 and 2020 – half the rate of the 25 richest OECD countries (0.9%). The gap between the UK and US, Germany and France has also doubled since 2008, costing the UK £3,400 in lost output per person. By contrast, in the 12 years before the financial crisis, UK productivity growth was over 2^{17 18}.

¹²West Midlands Combined Authority. (2021) [Draft action plan shows how region can reach net zero carbon by 2041 and create thousands of new jobs \(wmca.org.uk\)](https://www.wmca.org.uk)

¹³ West Midlands Combined Authority. (2021) [wm-net-zero-fyp-summary-tech-report.pdf \(wmca.org.uk\)](https://www.wmca.org.uk)

¹⁴ PwC. (2023) [green-jobs-barometer-2023.pdf \(pwc.co.uk\)](https://www.pwc.co.uk)

¹⁵ CBI. (2023) [Mapping-net-zero-economy-ECIU-CBI-DataCity-Jan2023.pdf \(edcdn.com\)](https://www.edcdn.com)

¹⁶ Department for Science, Innovation and Technology & Department for Business, Energy and Industrial Strategy. (2023) [UK Innovation Strategy: leading the future by creating it - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

¹⁷ Resolution Foundation. (2023) [Ending Stagnation: A New Economic Strategy for Britain \(resolutionfoundation.org\)](https://www.resolutionfoundation.org)

¹⁸ Van Reenen & Yang, Centre for Economic Performance. (2023) <https://cep.lse.ac.uk/pubs/download/special/cepsp41.pdf>

The release of the 2021 UK Innovation Strategy was seen as an attempt to reverse this trend with plans to increase annual public investment in R&D to £22bn, invest £200m in the British Business Bank's Life Sciences Investment Programme, support 30,000 managers of SMEs to boost their business programme via the Help to Grow Programme and allocate £127m through the Strength in Places Fund to develop R&D capacity and support local growth across the UK. The Strategy also set out a mission to spend at least 40% more on public R&D outside the Greater South East by 2030 and announced plans for new Innovation Accelerators in regions such as Greater Manchester, Glasgow and the West Midlands¹⁹.

From a regional perspective, studies released by Connected Places Catapult underlines the localised nature of innovation. For example, the top 20% of regions in the OECD for Research & Development spending and patents account for approximately two thirds of all activity. The gap in labour productivity between the most productive 10% of regions in the OECD and the bottom 75% has widened by 60% over the last two decades²⁰. Output per hour in the West Midlands was £31.27 in 2019, well below the UK level of £35.14. In relation to the overall performance of the UK, West Midlands productivity has improved since the global financial crisis (with areas such as Solihull as the highest performing area and places such as Dudley and Wolverhampton falling behind the UK and average Midlands performance)²¹. Therefore, driving innovation in the West Midlands is seen a key factor in improving our productive output as a region.

Given its rich industrial heritage, the West Midlands has been identified by Innovate UK (the Government's Innovation agency) as an area of huge potential and has suggested that driving innovation in the area could help cut the 11% productivity gap that exists between ourselves and the Greater South East and ties into the objectives listed in the WMCA's Plan for Growth which places innovation at the heart of its strategy²². In the four years since 2019/20, Innovate UK has invested over £935m into organisations and innovation infrastructure in the West Midlands. It was interesting to see that 81% of Innovate UK funding for West Midlands projects delivered between 2004 and 2021 has been set aside for manufacturing-based projects (which is perhaps no surprise given the region's automotive strengths) whereas regions such as the North West received more widely spread funding across areas such as Clean Growth and Health²³.

Levers for Growth – Foreign Direct Investment (FDI) & Inward Investment

The latest available Government data on FDI reveals that in 2021, London was the region that had the largest proportion of inward FDI that came into the region from outside of the UK (93.8%); by contrast,

¹⁹ Department for Science, Innovation and Technology & Department for Business, Energy and Industrial Strategy. (2023) [UK Innovation Strategy: leading the future by creating it - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/115422/uk-innovation-strategy-leading-the-future-by-creating-it-2023.pdf)

²⁰ Connected Places Catapult. (2022) [Inclusive+Innovation+Research+Commission+Report+2022.pdf \(squarespace.com\)](https://www.connectedplaces.com/wp-content/uploads/2022/07/Inclusive+Innovation+Research+Commission+Report+2022.pdf)

²¹ N. Driffield, The Productivity Institute. (2022) [PIP010-Midlands-Productivity-Challenge-FINAL-070122.pdf](https://www.productivityinstitute.org.uk/wp-content/uploads/2022/07/PIP010-Midlands-Productivity-Challenge-FINAL-070122.pdf)

²² Innovate UK. (2023) [Innovate-UK West-Midlands-Action-Plan PW AW2-Digital.pdf \(ktn-uk.org\)](https://www.innovateuk.com/wp-content/uploads/2023/03/Innovate-UK-West-Midlands-Action-Plan-PW-AW2-Digital.pdf)

²³ S. Collinson, City-REDI. (2023) [The Nexus of Innovation – City-REDI Blog \(bham.ac.uk\)](https://www.city-redi.ac.uk/blog/the-nexus-of-innovation-city-redi-blog)

the figure for the West Midlands was 73.8% behind the likes of the South East (85.8%) and the North East (78.9%) but ahead of the likes of the North West (59.0%) and Yorkshire and the Humber (58.1%). The ONS data also explored trends around the onward destination of inward FDI following its receipt from a foreign parent company – in turn, this helps to estimate the amount of investment which actually remains within the region itself. The Northeast (43.4%) Southeast (44.5%) and West Midlands (49.3%) were the only regions in the UK where less than half of the inward FDI value remained in the region for the year of 2021²⁴.

In terms of FDI projects, more recent data released by the Department of Business & Trade, revealed that 181 FDI projects landed in the West Midlands during the 2022/23 financial year overtaking the Southeast for the first time and represented 10% of the UK's total FDI wins (1,654) - the largest share of all regions outside the capital. In the same financial year, 8,252 jobs were created by overseas investors – an increase of 48% compared to the previous financial year (21/22)²⁵. In addition, the West Midlands FDI strategy was recently championed at the FDI Intelligent European Cities and Regions of the Future where Birmingham, Wolverhampton and Coventry & Warwickshire all received top three rankings based on economic, business and financial strengths. In addition, in the eight years up to 2022, Coventry & Warwickshire in particular has seen almost 20,000 jobs created through 347 FDI projects^{26 27}.

Much of the region's recent FDI success rests on the advent of the 2022 Commonwealth Games (CWG) which shone a spotlight on the region like never before and is said to have contributed £870m in economic gains for the UK and £457m for the West Midlands²⁸. A key project that spun out of the Commonwealth Games was the Business and Tourism Programme (BTAP) which was launched in 2021 and ran by the West Midlands Growth Company. The BTAP aimed to drive levels of tourism, trade and investment in the region to embed the legacy of the Commonwealth Games and the outputs have been positive thus far with the Programme creating 2600 new jobs through 58 inward investment projects and driving the region's pipeline of investment leads by 1100%²⁹.

However, challenges remain prevalent in attracting FDI to the region – currently, 55% of UK FDI is routed to the Southeast and London, and whereas levels of FDI into the West Midlands have picked up over recent years, the pace of growth still lags behind our southern counterparts. According to the WMCA, less than 30% of international leisure tourists are aware of the WM offer (compared to 50% for Manchester and 75% for London) and less than half of investment intermediaries are aware of the offer in our region compared to 80% for Manchester³⁰.

²⁴ ONS. (2021) [Foreign direct investment, UK inward network - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

²⁵ Department for Business and Trade. (2023) [DBT inward investment results 2022 to 2023 \(HTML version\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²⁶ West Midlands Growth Company. (2023) [West Midlands tops regional rankings for foreign investment and sees highest growth in the UK | Invest West Midlands](https://www.westmidlands.gov.uk)

²⁷ Coventry and Warwickshire Growth Hub. (2023) [Coventry & Warwickshire Business Intelligence \(cwgrowthhub.co.uk\)](https://www.cwgrowthhub.co.uk)

²⁸ Department for Digital, Culture, Media and Sport. (2023) [Birmingham 2022 contributes £870 million to UK economy - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²⁹ Ibid.

³⁰ West Midlands Combined Authority. (n.d) [Global West Midlands \(wmca.org.uk\)](https://www.wmca.org.uk)

The Harrington Review on FDI published in November 2023 highlighted the fact that business investment in 2021 in the UK amounted to 10.3% of GDP in 2021 – compared to 13.1% across the unweighted G7 average and whilst higher levels of inward FDI have helped to alleviate the investment gap to some extent, attracting even more investment from abroad would help close the equivalent gap of approximately £50bn³¹. From a regional perspective, the Productivity Institute explored the main FDI sectors which contribute to productivity growth in our region, and it was no surprise to see the significance of the transport equipment sector (in terms of productivity and employment opportunities) compared to the sectors such as food and drink (which provide employment opportunities for lower skilled workers) which contribute lower levels of productivity³².

Levers for Growth – Artificial Intelligence

In the autumn of 2021, the Government published its National Artificial Intelligence (AI) Strategy which outlined its plans to harness the use of AI to raise productivity, growth and innovation across both the public and private sectors. In particular, the Strategy referenced the need to invest in the long-term needs of the AI ecosystem, support the transition to an AI enabled economy and ensure the UK plays an important part in setting the right regulatory framework around the rapidly developing technology. In addition, the Department for Science, Innovation and Technology (DSIT) estimates there are over 3,000 AI companies contributing £3.7bn in GVA with over 50,000 people employed in various roles across the country.

Nevertheless, UK Government funding in technology tends to lag behind its international counterparts. Although concrete data is lacking, estimates suggest that the Government appears to invest in the region of £300m into AI per year. Moreover, the UK contributes 1.3% of the aggregate computing power of the Top 500 supercomputers, which in itself is lower than the likes of Finland and Italy.

From a regional perspective, a report published by the Midlands Engine underlined the growing AI cluster across the Midlands as a whole. In 2022, there were approximately 315 businesses active in the Midlands, which roughly accounts for 11% of the UK's AI company population (an uplift of 122% from 2013 compared to 2022). In terms of jobs, 8% of the total number of workers employed in the industry are based in the Midlands. The report also highlighted the fact that there are 31 AI companies based in the region which are classified as high growth (which in itself amounts to 7% of the UK total) and 57 companies across the wider region with a turnover of over £100m. Despite accounting for 11% of the industry nationally, the region has received relatively low levels of funding in relation to AI projects and development. For example, the Midlands received less than 5% of relevant Innovate UK awards and less than 1% of total equity by high-growth companies in the sector itself – however, it remains to be seen

³¹ Department for Business and Trade & HM Treasury. (2023) [231123_Harrington-Review-Report-FINAL-2_HH_Global_.pdf \(publishing.service.gov.uk\)](#)

³² N. Driffield, The Productivity Institute. (2022) [PIP010-Midlands-Productivity-Challenge-FINAL-070122.pdf](#)

whether this reflects a desire for funders into AI companies to invest in areas such as London, Cambridge and Oxford which have more established technology hubs compared to our region³³.

Nevertheless, it is clear that digitisation trends are recalibrating industries and key sectors across the Midlands as a whole – particularly areas such as transport, manufacturing and education and healthcare. In the West Midlands, academic institutions are also playing a vital role in shaping the industry, ranging from the Artificial Intelligence Innovation Network at Warwick Business School, Aston Digital Futures Institute, Coventry University Technology Park, STEAMHouse at BCU and The Institute for Interdisciplinary Data Science and AI at the University of Birmingham along with the Birmingham Digital Futures' Cluster.

From a productivity perspective, research produced by McKinsey forecasts that generative AI could drive labour productivity growth of up to 0.6% annually up to 2040 and combined generative AI with other technologies³⁴, work automation could add over 3% to annual productivity growth. However, as pointed out in the Government's National AI Strategy, employees will need to be retrained and retained in order to realise these potential benefits.

Cross-Cutting Enablers – Cash & Finance

Each of the cross-cutting enablers chosen to anchor the discussions were framed around a series of subtopics which were covered in the Evidence Hearing sessions; for *cash & finance* these included (but were not limited to):

- Cost pressures
- Business Investment
- Access to finance
- Taxation

At the national level, the rate of inflation has fallen notably over the past year from 11.2% in November 2022 (the highest rate on record since April 1982) to a figure of 3.9% in November 2023 (down from the 4.6% recorded in October) – much of this was attributed to the energy shocks caused by Russia's invasion of Ukraine but also longer term supply chain disruption and labour market shortages which have been exacerbated since the pandemic. Research published by the West Midlands Energy Taskforce estimated that the impact of the energy crisis on the regional economy amounted to the equivalent reduction in total regional GVA on approximately 2%. According to data gathered by the taskforce, 14% of firms across the West Midlands were grappling with energy costs which exceed a fifth of their turnover and 30% of businesses were locked into fixed tariffs which were three times higher than their pre-crisis rates³⁵ - a point which became even more pronounced for a region such as the West Midlands which is net importer of energy.

³³ Midlands Engine October 2023 [AI and the exceptional scale of opportunity in the Midlands: new cluster report published | Midlands Engine](#)

³⁴ McKinsey. (2023) [Economic potential of generative AI | McKinsey](#)

³⁵ West Midlands Industrial Energy Taskforce. (2023) [WMIET-Report-Final.pdf \(camirus.co.uk\)](#)

The Bank of England responded to these developments by raising interest rates on fourteen consecutive occasions culminating in a rate of 5.25% over the summer of 2023 – the highest on record since the midst of the global financial crisis. Within this context, it was revealed that UK GDP had fallen by 0.1% in Quarter 3 (between July and September 2023) revised down from a first estimate of no growth. This followed on from a period of no growth in Q2 2023 (April to June) and following the announcements made at the 2023 Autumn Statement, the Bank of England has forecast that GDP growth will remain broadly flat in Q4 2023 and at the start of 2024, added to a subdued picture of national growth.

In December 2023, the ONS published statistics which showed that business investment had fallen by 3.2% in Quarter 3 (July to September) of 2023 – however, business investment had increased by 2.3% compared with the equivalent quarter in the summer of 2022³⁶. The level of business investment in Quarter 4 2022 was 2.2% below where it was in Quarter 4 2019, the quarter before the COVID-19 pandemic. In addition, the rate of investment in this country remains the lowest in the G7 – back in 2021, the OECD average for business investment accounted for 12.5% of GDP compared to a figure of 10% in the UK³⁷. However, the Government has taken steps to tackle this issue, announcing a plan to make full expensing permanent at the 2023 Autumn Statement – this is expected to increase real business investment by approximately £3bn a year until 2029³⁸. In addition, there is cautious optimism that the Chancellor’s plans to unlock pension fund capital will go some way to driving productive investment across the UK – retirement savings in the UK make up 10% of the venture capital pool compared to 72% in the USA³⁹.

Data published by the British Business Bank revealed that in the last quarter of 2021, 34% of small businesses were making use of external finance – a decline of 7% compared to Q4 of 2021 and 10% compared to 2020; much of this was attributed to the winding down of pandemic related support. In addition, analysis undertaken by City REDI revealed that 2.5% of West Midlands businesses reported that debt repayments were between 20% and 50% of turnover and 29% reported that repayments were up to 20% of turnover⁴⁰ – much of this debt was likely to have been accrued during the period of the Covid-19 pandemic. The British Business Bank’s Nation and Region’s Tracker also showed that 76 equity deals had taken place in 2022 to the value of £276m (equivalent to 2% of the share of the UK total). By contrast, 162 equity deals had taken place in the North West to the value of £685m and 1,357 deals had taken place in London to the value of £10.8bn (the equivalent to 50% of the share of the UK total). The same Tracker also noted that 8% of SMEs in the West Midlands view finance as a major obstacle, 49% of SMEs felt they would require finance in the next 12 months yet only 19% were aware of the services offered by the British Business Bank⁴¹.

³⁶ ONS. (2023) [Business investment in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

³⁷ Yahoo! Finance. (2024) [Business confidence hits highest level since early 2022 but firms still not looking to invest, survey suggests \(yahoo.com\)](https://yahoo.com)

³⁸ BBC. (2023) [Tax break for businesses made permanent - BBC News](https://bbc.com)

³⁹ Z.Spiro & A.Nixon, UK Onward. (2023) [Pension Power \(ukonward.com\)](https://ukonward.com)

⁴⁰ A.Green, City-REDI. (2023) [West Midlands Economic Impact Monitor – 3 February 2023 – City-REDI Blog \(bham.ac.uk\)](https://bham.ac.uk)

⁴¹ British Business Bank. (2023) [Nations and Regions Tracker: Small Business Finance Markets 2023. English regions factsheets \(british-business-bank.co.uk\)](https://british-business-bank.co.uk)

A Government review published in 2021 suggested the Treasury raises approximately £25bn each year from Business Rates. Throughout the pandemic, a number of allowances were made for hospitality and retailers in particular as Covid-19 caused severe financial distress for thousands of businesses across the country. The 2023 Autumn Statement revealed that many of the business rate reliefs that benefit those in the hospitality and retail sectors would be rolled over for another 12 months, however, the business rates multiplier for large businesses would remain at 51.2p and in line with September's inflation figures, it is likely to go up by 6.7% in April 2024 – analysis undertaken by Colliers International suggests businesses would be forecast to pay an extra £1.56bn in rates bills from April this year⁴². Changes to the Non-Domestic Rating Act and the introduction of a 'Duty to Notify' framework could also add huge administrative burdens to businesses across the country. Corporation Tax raised £78.6bn in 2022/23; this figure is likely to go up in the coming years given that the rate of tax increased in April 2023 from 19% to 25% for companies with profits over 250,000.

Cross Cutting Enabler - Built Environment

Each of the cross-cutting enablers chosen to anchor the discussions were framed around a series of subtopics which were covered in the Evidence Hearing sessions; for *Built Environment*, these included (but were not limited to):

- Transport
- Infrastructure
- High Streets
- Availability of land

According to the WMCA, the population of the region is set to increase to up to 440,000 by 2035 which is likely to place a considerable strain on our regional transport system. Research published in the 2023 Birmingham Economic Review highlighted the challenges we face in adopting modal shift. In 2021, 69.9% of trips per person per year were made via cars and vans in the West Midlands – higher than the average percentage of England of 63.1%. Bus travel has also fallen notably over the years; in 2021, 2.7% of trips were made per person per year and rail travel in the region has also declined compared to pre-pandemic levels by approximately 0.5% between 2018/19 and 2021 with a multitude of factors⁴³ (such as the advent of hybrid working and recent rail strikes) playing a role behind this development. At the heart of Transport for West Midlands Local Transport Plan is a focus on '6 Big Moves' which focuses on improving the safety of the network, encouraging more use of public transport and shared mobility⁴⁴.

The advent of HS2 has long been hailed as a game changer for the West Midlands. Original forecasts suggested that if delivered in full, the project could create 175,000 new jobs in the region during the

⁴² J. Webber & R.Allen. (2023) [Colliers | Businesses forecast to pay an extra £1.56 billion in rates bills next April](#)

⁴³ Greater Birmingham Chambers of Commerce. (2023) [The 2023 Birmingham Economic Review provides a full overview of these trends - Birmingham Economic Review | Greater Birmingham Chamber of Commerce \(greaterbirminghamchambers.com\)](#)

⁴⁴ Transport for West Midlands. (n.d) [Reimagining transport in the West Midlands | Transport for West Midlands \(tfwm.org.uk\)](#)

lifetime of the project and a GVA uplift of £20bn⁴⁵. However, in October 2023, the Prime Minister announced that the progress of HS2 would be curtailed beyond Birmingham. The Government confirmed that Phase 1 of HS2 would be completed which would lead to a journey time from Birmingham to London of 49 minutes and allow up to 250,000 passengers to travel every day. Despite much speculation, the Prime Minister confirmed in November 2023 that the connection to Euston would be maintained, however HS2 Ltd would no longer run the development project. Much of the original funding from HS2 would be reallocated into Network North projects which aimed to improve rail connectivity across the country. In total, £9.6bn would be allocated to the Midlands for projects such as the Midlands Rail Hub and £1bn going towards local transport funding for the West Midlands City Region.

Research undertaken by Onward underlines the challenge the UK faces in revitalising its high streets. Across the country, 14% of high street shops remain vacant which in itself is double the average recorded prior to the onset of the global financial crisis. High street vacancies are rising faster across poorer regions, for example, between 2020 and 2021, vacancies rose fastest in the West Midlands at a figure of 8.8%⁴⁶. In addition, the British Property Federation revealed that just under a third (31%) of empty shops took more than two years to find an occupier⁴⁷. The Government has made funding available via its Levelling Up Fund (via the Long-Term Plan for Towns fund) for the likes of Smethwick, Darlaston, Bilston and Dudley in a bid to boost activity on the high streets, however, concerns remain around the long term prospects for their revitalisation. In 2022, the Local Data Company published data which showed that vacancy rates reached 5.8% in the West Midlands, above the national average of 4.7%. This trend was more pronounced in certain parts of the region such as Wolverhampton (24%), Dudley (17.7%) and West Bromwich (15.4%)⁴⁸

A study conducted by Arcadis and Avison Young in 2021 found that 13 allocated and committed sites across the region met the minimum size criteria of 25+ hectares (classified as large employment land sites) – the potential capacity of these sites is circa 2.96 million square metres. However, the study suggested caution given the length of time some of the sites had been identified and allocated without having been brought forward. The study concluded that the supply of allocated would appear to represent a maximum of 7.41 years supply and pointed to longer term challenges around growth prospects unless more suitable sites were made available⁴⁹. Moreover, the Birmingham Development Plan made clear that new employment land opportunities would arise through the release of land at Washwood Heath, which had previously been required for the construction of HS2. However, the land will not be available until HS2 is delivered, and from a practical point of view, if the start date of HS2 is delayed, this will have knock on impact on availability of employment land in city which perhaps underlines the interplay between wider political decision making in Westminster and the practical ramifications it can have for cities and regions across the country.

⁴⁵ West Midlands Combined Authority. (2021) [Midlands HS2 Growth Strategy 2021: The Defining Decade – The Midlands high speed path to recovery \(wmca.org.uk\)](#)

⁴⁶ W. Tanner & J. Blagden, UK Onward. (2022) [Street Bids: Compulsory Rent Auctions And The High Street \(ukonward.com\)](#)

⁴⁷ British Property Federation. (2023) [BPF - BPF calls for empty rates relief to be extended to 12 months](#)

⁴⁸ Express and Star. (2022) [Bleak outlook for West Midland high streets as one in five shops sit empty | Express & Star \(expressandstar.com\)](#)

⁴⁹ Stratford-upon-Avon District Council. (2021) [West Midlands Strategic Employment Sites Study - Final Report May 2021 \(stratford.gov.uk\)](#)

Cross Cutting Enabler – People, Process & Skills

Each of the cross-cutting enablers chosen to anchor the discussions were framed around a series of subtopics which were covered in the Evidence Hearing sessions; for *People, Process & Skills*, these included (but were not limited to):

- Access to labour
- Education & Training
- Leadership & Management Capability
- Digital Transformation

The latest regional labour market statistics released by the ONS showed that in the three months ending July 2023, the UK rate of employment was 75.5% (a fall of 0.5% in comparison to the previous quarter). The unemployment rate for the whole of the UK in the same time period was 4.3% (an increase of 0.5%) and the inactivity rate went up to 21.1% (an increase of 0.1% compared to February to April 2023). By contrast, the rate of employment for the West Midlands (75.1%) was lower than the UK average in the same time period. The unemployment rate for our region was 5.0% - only the North West at 5.3% had a higher rate across the country. By contrast, the inactivity rate for the West Midlands was 20.8% which is lower than the UK average (21.1%). However, from a more positive perspective, in September 2023, the West Midlands region had over 3.1 million jobs – an increase of 33,490 compared to June in the same year and an increase of 1.1%, whereas the overall UK figure went up by 0.6% in the same period⁵⁰⁵¹.

Due to the strong education ecosystem which exists at the heart of the region, the West Midlands remains a destination of choice for international students. According to the Higher Education Statistics Agency (HESA), the UK hosted 679,970 students of which our region hosted over 50,000. The West Midlands Local Skills Report was released in 2022 and highlighted a number of important demographic trends – namely, that the West Midlands NUTS 1 region (19.6%) have a higher proportion of under 16s compared to the UK average of 19%. In addition, the West Midlands has a higher proportion of the working age population with no qualifications (8.8%) compared to the UK average (6.6%). However, the region has witnessed an above average uplift in the proportion of people with qualifications at all levels – as well a 2.5% fall in the proportion of people with no or low qualifications (2.5%)⁵². With the Government championing Apprentices as a growing and viable route to employment, national data stresses that Apprenticeship starts were down by 3.5% in 2022/23 compared to the previous year. In the West Midlands, there were 17,450 apprenticeship starts in 2022/23 – a decrease of 2.3% in relation to 2021/22⁵³.

⁵⁰ ONS. (2023) [Labour market overview, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

⁵¹ S.Mitchell, City-REDI. (2023) [West Midlands Economic Impact Monitor – 15 December 2023 – City-REDI Blog \(bham.ac.uk\)](https://bham.ac.uk)

⁵² West Midlands Combined Authority. (2022) [West Midlands Local Skills Report 2022 \(wmca.org.uk\)](https://wmca.org.uk)

⁵³ S.Mitchell, City-REDI. (2023) [West Midlands Economic Impact Monitor – 15 December 2023 – City-REDI Blog \(bham.ac.uk\)](https://bham.ac.uk)

Investment in training remains a key pillar in the bid to drive productivity gains, however average employer spending on training has fallen since 2011 (down by 27% per trainee) according to the Institute of Fiscal Studies⁵⁴. A Study produced by the Chartered Management Institute highlighted the point that enhanced management brings increases in levels of productivity to anywhere between 13-17%. The same study also revealed that Lightcast data highlighted that over the last ten years there had been a 75% increase in demand for management skills and a 280% increase in demand for leadership skills listed as requirements for job postings in the West Midlands. Between April 2021 and April 2023, 177,965 managerial job adverts went live in the West Midlands but only 91,902 potential employees CVs with the pre-requisite management skills were available⁵⁵.

Digital transformation, defined by Accenture as the manner in which firms “embed technologies across their businesses to drive fundamental change”⁵⁶ is often cited as a fundamental cog in raising productivity levels across the board. Industry 4.0⁵⁷ (see footnote for clarity) is frequently namechecked as a central pillar in transforming the global economy via digital transformation. As outlined by the West Midlands Growth Company, firms in the West Midlands are also using these new technologies to create bespoke products, recalibrate international supply chains and also creating notable changes to service centric business models⁵⁸. The West Midlands is recognised for its inherent strengths in technology areas such as 5G, Quantum and Cyber Security with a blossoming cluster developing in Birmingham and wider parts of the region. In particular, over 44,000 jobs in the cyber security industry were created in the Midlands between 2017 and 2022, and there are over 1300 businesses operating locally in the sector – which equates to 14% of the UK total.⁵⁹ From a firm level perspective, the volume of investment in cyber security across the UK tends to differ by size – research published by Statista revealed that small companies invested £187m in the cyber security sector in 2022 and micro-sized firms around £22m.⁶⁰

Cross Cutting Enabler – The Business Ecosystem

Each of the cross-cutting enablers chosen to anchor the discussions were framed around a series of subtopics which were covered in the Evidence Hearing sessions; for *The Business Ecosystem*, these included (but were not limited to):

- Local procurement
- Business Support
- Regulation & bureaucracy
- Relationship between public & private sector

⁵⁴ Institute for Fiscal Studies. (2023) [Investment in training and skills | Institute for Fiscal Studies \(ifs.org.uk\)](https://ifs.org.uk)

⁵⁵ Chartered Management Institute. (2023) [West Midlands Future Prosperity - CMI Policy Paper on Regional Growth \(managers.org.uk\)](https://managers.org.uk)

⁵⁶ Accenture. (n.d.) [What is Digital Transformation & Why is it Important? | Accenture](https://www.accenture.com)

⁵⁷ Industry 4.0 – also referred to as “the Fourth Industrial Revolution or IR is the next phase in the digitization of the manufacturing sector, driven by disruptive trends including the rise of data and connectivity, analytics, human-machine interaction, and improvements in robotics”. [What is industry 4.0 and the Fourth Industrial Revolution? | McKinsey](https://www.mckinsey.com)

⁵⁸ West Midlands Growth Company. (n.d.) [Industry 4.0 Innovation | Invest West Midlands](https://www.westmidlandsgrowth.com)

⁵⁹ Midlands Engine. (2023) [ME-Cluster-Snapshot-CYBER.pdf \(midlandsendge.org\)](https://midlandsendge.org)

⁶⁰ Statista. (n.d.) [UK businesses: Investment in cyber security 2022 | Statista](https://www.statista.com)

In 2022, gross spending on public sector procurement was £393bn in 2022/23 across the UK as a whole – this was an increase of £25bn compared with the previous financial year of 2021/22 (unadjusted for inflation)⁶¹. However, historically data reveals that the majority of this spend rests with larger firms. Research published by Tussell and the British Chambers of Commerce noted that direct public sector spending with SMEs had increased between the period of 2016 and 2021, however, SME spending as a proportion of public spending had not done so. In total, 21% of public sector spend was with SMEs in the same year (to the total of £38bn)⁶². Localised data on total procurement spend remains difficult to source for the West Midlands as a whole.

The local business support landscape has undergone considerable change over the last two years. Until recently there are currently 36 Local Enterprise Partnerships (LEPs) across the country which have been responsible for driving local economic development, prioritising plans to create new roles and drive growth – however, in August 2023, the Government announced it would support local and combined authorities across the country to take responsibility for the functions held by LEPs from April 2024. The work of Growth Hubs in the Black Country and Greater Birmingham has been transferred to a newly formed organisation, Business Growth West Midlands. The organisation which is run by the WMCA is funded via a £42m investment from the UK Shared Prosperity Fund and is on hand to advise businesses on funding opportunities and growing their output. In total, there are currently over 100 free or fully funded support programmes available for firms in the region which cover topics from investment readiness to decarbonisation⁶³.

A number of eye-catching announcements were made by the Chancellor in relation to planning reform in the recent Autumn Statement. Measures to accelerate the process and tackle local backlogs were mentioned along with a new premium planning service which aimed to speed up decision dates on local projects. In addition, the Chancellor recognised the need to encourage greater use of Local Development Orders and additional reforms around grid connection in order to free up capacity on the energy grid for new projects. The Levelling Up Paper published in 2022 stresses the importance of planning reform in order to boost productivity levels throughout all parts of the country given the backlog of projects which have yet to be delivered. As pointed out by the British Chambers of Commerce, approximately 40% of local plans are out of date and spatial plans are often not aligned to the current economic context⁶⁴.

As part of the latest Deeper Devolution Deal, the Chancellor also announced that the West Midlands had been chosen as one of three sites across the country to deliver an Investment Zone. Although the Zone covers the region as a whole, three specific sites would act as the anchors for the Zone – namely, the Coventry-Warwick Gigapark site, the Birmingham Knowledge Quarter and the Wolverhampton Green Innovation Corridor. The sites have secured business rates retention, tax incentives and direct funding

⁶¹ UK Parliament. (2023) [Procurement statistics: a short guide - House of Commons Library \(parliament.uk\)](#)

⁶² British Chambers of Commerce & Tussell. (2022) [SME Procurement Tracker 2022 - British Chamber of Commerce & Tussell](#)

⁶³ Business Growth West Midlands. (n.d.) [Business Growth West Midlands provides business support and shares the business programmes available across the West Midlands region, with referrals to those most suitable.](#)

⁶⁴ British Chambers of Commerce. (2023) [Planning Manifesto \(britishchambers.org.uk\)](#)

with a specific focus on advanced manufacturing, green industries, health-tech and wider digital technologies. The Zone itself is expected to create 30,000 new roles and drive growth across the region to the value of up to £5.5bn⁶⁵.

Exploring Growth Trends in Key Sectors

In order to analyse trends which emerged from businesses operating in similar fields, evidence hearing sessions were held with firms operating in the following sectors:

- Business, Professional and Financial Services
- Hospitality, Retail & Visitor Economy
- Technology & creative industries
- Manufacturing
- Built Environment

Extensive research has been delivered around the opportunities related to these sectors across various publications such as the Birmingham Economic Review and the WMCA State of the Region in the past, so we have included a brief description of some of the key features of the sectors in relation to the West Midlands. In addition, an evidence hearing session was held with public sector stakeholders that played a role in driving economic growth across the region in order to gauge their perspectives on this agenda – this included representatives of the local authorities based across our region, the West Midlands Growth Company and the West Midlands Combined Authority amongst others.

Business, Professional & Financial Services

- Previous studies have revealed that the Business, Professional and Financial Services (BPFS) sectors account for £27.8bn of the WMCA's GVA
- The BPFS sector is the largest in the WMCA area and the West Midlands houses the largest regional banking and professional services cluster across the UK
- There are currently 48,400 companies employing 343,000 people across the sectors which have grown by over 30% in recent years⁶⁶

Hospitality, Retail & Visitor Economy

- In 2022, there were 259,000 people in the West Midlands employed in the Hospitality industry which accounts for 8% of all Hospitality employees nationwide and makes up 9% of total employment in the region as a whole.

⁶⁵ West Midlands Combined Authority. (2023) [Autumn Statement sees power shift to region and Investment Zone unveiled \(wmca.org.uk\)](#)

⁶⁶ West Midlands Growth Company. (n.d.) [Business, Professional & Financial Services | Invest West Midlands](#)

- The hospitality industry in the West Midlands contributed £6.7bn in terms of GVA in 2022 (which amounted to 3.8% of the total GVA across the region)⁶⁷
- In 2020, 306,000 people were employed in the retail sector across the WMCA which amounted to 16.6% of total employment in the region
- Between 2015 and 2020, the West Midlands cultural sector saw 20% employment growth. The heritage sector in the West Midlands employs over 46,000 people and creates £1.2bn in direct GVA⁶⁸
- A record number of tourists visited the West Midlands Conurbation in 2022. A total number of 141.2m visited the region – an increase of 5% compared to 2019

Technology & Creative Services

- The estimated economic output from the Fintech sector in the West Midlands is £474m – an increase of 18% in two years⁶⁹
- There are 11,000 people employed in the West Midlands Fintech workforce – an increase of 51% in two years
- The WMCA Plan for Growth foresees an opportunity to drive growth of up to £65m from our creative industries and potentially create up to 1500 jobs
- The West Midlands has the best 5G coverage of any region across the country with over 22% geographic coverage and 60% population coverage⁷⁰
- 15% in the West Midlands have zero of the Essential Digital Skills for Work as defined by the DfE framework compared to a national figure of 8%⁷¹
- 16,230 people are employed in the cultural sector across the West Midlands area – the sector also accounts for £1.1bn of the region's total economic output⁷²

Manufacturing

- Manufacturing accounts for approximately 12% of the jobs in the region, compared to 43% in 1981 – this is also above the national figure of 7%⁷³
- Over £13.7bn worth of cars and parts were exported in 2019 – this equates to 36% of the UK total and double any other region across the nation⁷⁴

⁶⁷ UK Hospitality & Ignite Economics. (2023) *Data collected from UK Hospitality SheepApp* (sheepcrm.com)

⁶⁸ West Midlands Combined Authority. (n.d.) [West Midlands Culture and Economy \(wmca.org.uk\)](https://wmca.org.uk)

⁶⁹ Super Tech West Midlands. (n.d.) [SUPERTECH IMPACT REPORT LAUNCH – Supertech \(supertechwm.com\)](https://supertechwm.com)

⁷⁰ West Midlands Combined Authority. (2023) [West Midlands remains best connected region for 5G \(wmca.org.uk\)](https://wmca.org.uk)

⁷¹ Coventry and Warwickshire Chamber of Commerce. (2023) [west-midlands-and-warwickshire-lsip-final-030823-amends-highlighted.pdf \(cw-chamber.co.uk\)](https://cw-chamber.co.uk)

⁷² West Midlands Combined Authority. (n.d.) [1_culture-economy_west-midlands.pdf \(wmca.org.uk\)](https://wmca.org.uk)

⁷³ J.Lalic, Centre for Cities. (2022) [How can innovation drive growth in the West Midlands? | Centre for Cities](https://www.centreforcities.org)

⁷⁴ West Midlands Combined Authority. (n.d.) [Automotive \(wmca.org.uk\)](https://wmca.org.uk)

- In 2021, 97,000 were employed in the low carbon and environmental goods sector and the sector was the fastest growing sector in the West Midlands between 2019-20 (7% growth in that period)⁷⁵.
- Three subsectors account for approximately 60% of the West Midlands manufacturing economy – 30.6% is Transport Equipment, 17.4% is Metal Products and 9.2% is Machinery Equipment⁷⁶
- The Jewellery Quarter in Birmingham contains Europe’s largest concentration of manufacturing jewellers and produces approximately 40% of the nation’s jewellery output⁷⁷

Built Environment

- In the six years to 2023, 422 West Midlands companies have received a share of £1.7bn in contracts as part of the HS2 construction programme
- The total annual output for the construction industry in the West Midlands was £14.4bn in 2021 with a workforce of 226,100⁷⁸
- The WMCA has a target to build 215,000 new homes by 2031 – in the year to March 2022, there were 16730 new homes built – surpassing pre-Covid levels

⁷⁵ West Midlands Combined Authority. (n.d.) [West Midlands: Home of the Industrial Revolution \(wmca.org.uk\)](https://www.wmca.org.uk)

⁷⁶ Make UK. (2022) <https://www.makeuk.org/insights/reports/regional-manufacturing-outlook-2022>

⁷⁷ Jewellery Quarter BID. (n.d.) [Visit - The Jewellery Quarter](https://www.jewelleryquarter.co.uk)

⁷⁸ Construction Industry Training Board. (2022) [westmidlands-lmi-final.pdf \(citb.co.uk\)](https://www.citb.co.uk/westmidlands-lmi-final.pdf)

A framework of analysis of growth prospects across all sectors for small/micro, medium and large businesses

- Micro/small businesses
- Medium sized businesses
- Large businesses

In analysing the themes which emerged from discussions with the business community, it became clear that certain issues and challenges were pertinent and impacting firms across all five of the sector areas that we explored in depth. The thematic analysis we have utilised was based on the structured interviews we conducted throughout the Autumn of 2023 and the written submissions from businesses across the region.

The inductive approach we have taken has allowed the feedback we gathered from businesses to determine the broad themes listed in the table below. It was evident that certain themes were consistent across all sectors, however, they were impacting businesses of different sizes in different ways. Therefore, for the purpose of presenting our research, Table 1 has summarised the various factors which can impact growth prospects across the four cross cutting themes we have employed for the purpose of the research and in relation to the size of the business.

It is important to note that for the purpose of this study, we have defined micro/small businesses as having 1-49 employees; medium sized businesses as 50-249 employees and larger firms as 250 + employees. Please note that this is consistent with methodology used by the OECD and others in order to classify enterprises by business size. For turnover, we have used the following criteria for classification: small (less than £10m), medium (£11m-£299m), large (greater than £300m). There are two other important elements to note – firstly, there is a degree of intersectionality across all of the sections as for example, a number of small and micro firms are potentially likely to face similar issues compared to their medium sized counterparts (the financial pressures caused by hiring challenges for example) and there is also a degree of inter-dependency across the categories (as highlighted in Table 1). For example, if larger firms are able to shape regional industrial strategies to reflect the wider needs of the business community, that will positively impact smaller firms in their supply chain and broaden the wider economic benefits for the business community as a whole.

Size of Business	Cross Cutting Themes				Interdependency
	Cash & Finance	Built Environment	People, Process & Skills	Business Eco-system	
Micro/small	Rising costs related to inflation, interest rates, energy bills and hiring staff	Rising rental costs Lack of city centre investment	Minimal interaction with academic institutions Problems sourcing suitable candidates from within the UK Leadership and management capability challenges	Access to grant funding	Interdependency
Medium sized	The lack of a viable venture capital market Challenges accessing finance	Shortage of suitable employment sites Local Authority development plans struggle to consider the importance of cultural assets and traditional industries	The evolution of training needs of staff Challenges associated with implementing net zero measures	Lack of consistency in public policy Onerous procurement processes	
Large	An unfavourable investment landscape Corporation Tax and Business Rate models that require reform	Unintended consequences of curtailing HS2 The perceived lack of a fully functioning transport system Planning issues	Effective use of the Apprenticeship Levy Implications of AI	Input into regional industrial strategies Shaping place-based marketing strategies	

Table 1: A matrix framework which outlines the different factors which impact growth prospects across our pre-determined cross cutting enablers for businesses of different sizes

Cross Cutting Enabler - Cash and Finance

Common themes across micro/small businesses:

- Rising costs related to inflation, interest rates, energy bills and hiring staff

The onset of higher inflation, escalating energy bills and rising interest rates have all squeezed cash flow for businesses of all sizes to varying degrees. Smaller businesses in particular reported struggling with the cost of doing business crisis and the knock-on impact that has on their ability to invest in their business and unlock growth. A number of the firms operating in the hospitality, and retail sector emphasised the impact of Covid-19 and how footfall has been slower to recover compared to pre-pandemic activity. Changes in commuter habits coupled with the increasing popularity of hybrid working has also had a notable impact on sales activity.

A number of smaller manufacturers also referred to the ongoing cost pressures they continue to face on a daily basis. By way of example, one manufacturer noted that the cost of running their business has increased by 300% due to high prices for energy, raw materials and staff costs - this has resulted in a 35% increase in prices paid by clients. The representative from this manufacturing firm suggested there is always a pressure to remain competitive due to low prices to goods produced in countries such as China in which firms receive significant government subsidies to fund machinery and raw materials.

A selection of smaller firms across the sectors also referenced the cost pressures created by the impact of the UK's departure from the European Union as a significant factor in adding to the financial pressures they face on a daily basis. Manufacturers and representatives from Financial Services and Hospitality firms cited the skill shortages which had been exacerbated by many Europeans returning to their country-of-origin post Brexit, which in turn drove up cost pressures. Businesses operating in the events and exhibition sector also cited the additional cost they incurred from transporting equipment to exhibitions from overseas. One manufacturer also pointed out the challenges they face in navigating complex licensing procedures and the additional costs incurred in adhering to post Brexit chemical *regulations*.

"Although our business does not need to borrow money at the moment, many of our customers are profoundly affected by the difficulties in accessing finance to make investments, and we are seeing this result in lower order quantities. Inflation is another barrier which is exacerbating the latter trend, and we have made the difficult decision to increase prices" - Small Birmingham-based manufacturer

Common themes across medium sized businesses:

- The lack of a viable venture capital market
- Challenges accessing finance

Medium sized firms in the professional services sector referenced the fact that a number of businesses had built up large cash reserves during the last three years (bolstered by the rise in interest rates) but were reluctant to invest their money due to the unstable economic and political environment. One manufacturer shared the perception that the US and European investment communities were more open to financing manufacturing activity than the UK – with investment in technology firms seemingly more attractive due to potentially higher margins and the requirement of less long-term working capital. However, several the technology firms that participated in the evidence gathering sessions also lamented the lack of visible support to scale up a business.

One technology firm pointed out that the West Midlands suffers from a relatively subdued venture capital market. Official data supports this assertion. Looking back at 2022, research published by the British Venture & Private Equity Association confirmed that companies in the West Midlands received 5.6% of the total UK share of Private Equity and Venture Capital investment – compared to a figure of 56.4% for London⁷⁹. The region also has the lowest number of firms listed on the London Stock Exchange (compared to other regions in the UK) as many firms are simply not investor ready and as such, attract less interest from Private Equity houses in comparison to their southern counterparts. A representative from a global law firm suggested that early-stage tech entrepreneurs are unsure if the UK is the best environment to scale their businesses since there is greater scope for patent and Intellectual Property development in the USA. In the Midlands, it was suggested that incentives for technology start-ups are largely limited to free office space and introductions to academic institutions. One participant cited the Dubai Future Foundation, an organisation which exists to build a cohesive ecosystem that focuses on accelerator programs, incubators, laboratories and regulatory sandboxes as a model establishment our region should look to replicate if we are to drive further entrepreneurship.

Many smaller and medium sized organisations referred to the challenges they face in attempting to secure finance in a bid to grow their business. A number of participants referred to cash being available in the market, but the challenges they faced in securing it from lenders. A selection of manufacturers cited a perception that lenders are risk adverse (particularly in comparison to their European or Transatlantic counterparts) which acts as a break on growth. The length of repayment terms was often cited as an issue for businesses operating across the sectors, with a perception that many banks reluctant to lend over a period longer than 5 years, given the uncertain economic climate we find ourselves operating in.

“The business relies on asset finance to retain the required levels of liquidity needed for fulfilling our growth ambitions. Unfortunately, it is extremely difficult to seek investment of less than £20m due to it not being seen as worth an investor’s time to carry out the due diligence and legal processes for an opportunity of smaller monetary value” -a medium-sized automotive fleet management business in Greater Birmingham

⁷⁹ British Private Equity and Venture Capital Association. (2022) [BVCA-Report-On-Investment-Activity-2022.pdf](#)

Common themes across larger firms:

- An unfavourable investment landscape
- Corporation Tax and Business Rate models that require reform

Larger organisations operating in the Business, Finance and Professional services sectors noted that the cost of doing business crisis had impacted activity but due to the nature of their business (being able to show greater flexibility around staff working from home during the pandemic for example and having the resources to diversify their products and services) many have managed to weather the storm. The biggest drain on resource for these firms was related to accessing talent – a number are struggling to fill roles (particularly at mid management level) which adds to overall cost pressures and impacts productivity.

Firms operating in the built environment sector noted that whilst we had seen a degree of stability in raw material prices over the last three months (mainly due to a fall in global gas prices over the same period), overall construction costs have shot up over the past 12 months (as inflation in the UK reached 11.8% in November 2022 – the highest on record since 1982) and with interest rates hitting a 14 year high, the cost of debt has also rapidly risen and property values have started to fall – in turn, the viability for investors to spend money begins to contract which has had an impact on the wider supply chains they operate in.

Larger firms across the sectors tended to agree that growth prospects for our business community were also dependent on successfully competing with other markets across the globe in order to attract investment. A prominent engineering consultancy firm shared a pertinent example around the fact that it was failing to secure greater investment from its overseas parent company (despite having state of the art facilities and service offering) due to the lack of economic certainty and the turmoil witnessed in Westminster over the last five years.

Firms operating in the hospitality and retail sectors were critical of the high costs associated with paying business rates. Although many had benefited from the business rates relief scheme over the last two years (and welcomed the continuation of this scheme in the latest Autumn Statement), a number still felt the level of the multiplier (51p in the pound) was too high and needed to be reduced to improve cash flow and free up cash to invest in their business. Several larger firms in this sector also referenced the negative impact that the rate of VAT had on consumer spending levels and called for a reduction in this tax in order to attract customers in an industry that has suffered greatly since the advent of the pandemic.

Businesses across a range of sectors called for a recalibration of the business taxation system in order to make it easier for businesses to invest in their own firms but also in order to attract more inward investment. Whilst the Chancellor's announcement at the recent Autumn Statement around the move to full expensing was generally well received amongst larger firms turning a profit, many businesses felt the level of corporation tax was too high and disincentivised further investment. Many larger firms also concurred that more agreeable R&D tax incentives would help to attract more high-profile

businesses from overseas. An organisation in the technology sector also criticised the reforms to the Entrepreneur Allowance Scheme as a prime example of the Government inadvertently stifling firm level investment opportunities.

“Successive governments have not had a good enough understanding of business rates to adequately reform them to favour business prosperity. The 51% tax on commercial property is a cost that is too high for many businesses to absorb, whilst on the contrary, small businesses are exempt from business rates tax on their primary premises but risk losing this if they wish to expand.” -A multinational property company

Cross Cutting Enabler – The Built Environment

Common themes across Micro/small businesses:

- Rising rental costs
- Lack of city centre investment

Representatives operating in the retail sector were keen to point out that a dangerous narrative seemed to be developing in relation to the “death of the high street” which could quickly start to impact consumer thinking unless curtailed. Whilst it was recognised by certain participants that the closure of flagship centres such as John Lewis in Birmingham and Beatties in Wolverhampton was a blow for these cities, opportunities exist to recalibrate the use of these empty units – whether it’s around creating residential properties or providing space for cultural initiatives. In addition, many participants agreed that these empty shops could be repurposed as coworking spaces, or perhaps office space for startups (particular at a rate lower than market value in order to encourage more uptake). However, a number of practical challenges were also highlighted such as the length of time it can take to recalibrate the premises (again, bureaucratic challenges were referenced by a number of firms) and the difficulties faced in identifying the landlord of the property in certain cases.

Several participants acknowledged funding from the Government’s Future High Street Fund had boosted the recovery from the pandemic for a number of locations across the region. In 2021, almost £76m was made available for local authorities in the West Midlands to drive activity and footfall in centres in a bid to attract residents and visitors – these areas included Leamington Spa (£10million), Newcastle-Under-Lyme (£11 million), Nuneaton (£13.3 million), Stafford (£14.3 million), Walsall (£11.4 million) and Wolverhampton (£15.7 million). For example, money from this fund has contributed to plans for the Bell Works, a multi million-pound development focussed on food and entertainment in Wolverhampton which is expected to attract thousands of visitors each year. However, a few participants operating in the retail industry questioned the long-term viability of the funding and whether it was enough to sustain and develop these high streets in the long term.

Smaller firms from across the sectors namechecked the impact of rising rental costs as another ongoing cost pressures which adds to the financial burden they are currently facing. One small manufacturer referenced the fact that due to a shortage of appropriate premises in the region, they

face being priced out of securing a new premises once their current agreement comes to an end. Micro firms operating in the retail industry also referenced high rental costs that start ups struggle to pay which contributes to their inability to survive beyond the initial 12 months of their business life.

Those operating in the technology sector also referenced rising rental costs as detrimental to their long-term growth prospects. Rental costs were also referenced in relation to other factors such as net zero considerations. For example, a representative from a business advisory firm suggested that their clients ran the risk of incurring financial penalties for occupying a building with a poor energy efficiency rating, therefore renting space in an older (and less costly) building might not make financial sense if the energy performance certificates are out of date or do not meet future energy efficiency standards. Rental costs are also interlinked with wider financial considerations. For example, the Director of a prominent Shopping Centre noted the fact that the rising cost of utilities is presenting a challenge when it comes to adjusting its tenants service charge as they do not want to overcharge in rent to the point where renting the unit becomes unaffordable to the tenant and the premises remains empty and unused. According to data published in 2022, on average, annual rent per sq. ft of retail units in Birmingham is £26.13; lower than comparison in London (£49.64) and Manchester (£28.11) but nominally higher than Coventry (£24.74) and Solihull (£24.65)⁸⁰.

“Many commercial premises are being converted into residential and we have found it challenging to source appropriate premises at affordable prices. We would also prefer to buy premises, but the deposit required for commercial mortgages has prevented this - despite our rent being as much/more than mortgage repayments in most cases”. - Small Training firm

Common themes across medium sized businesses

- Shortage of suitable employment sites
- Local Authority development plans struggle to consider the importance of cultural assets and traditional industries

A selection of manufacturing firms that operated in cluster sites praised the model and the opportunities it afforded them to build connections with other specialist manufacturers and how this bolstered their growth prospects. However, many firms across all sectors mentioned issues identifying suitable premises available in order to take their business to the next stage of their development. One technology firm mentioned that in their experience office space near universities in city centres tended to be repurposed for student accommodation due to it being more lucrative than renting commercial property. The sites that have been made available by Local Authorities to manufacturers are simply not suitable, many are industrial warehouses that don't have the right power supply or surrounding infrastructure.

⁸⁰ Real Business Rescue. (2022) <https://www.realbusinessrescue.co.uk/advice-hub/uk-retail-rental-prices>

There also seems to be a lack of strategic oversight around the location of these sites; for example, whilst the WMCA has embarked on a plan to repurpose brownfield sites for residential housing, many of the residents tend to complain about having factories in close proximity (according to a representative from a Professional Services firm that work closely with the manufacturing sector). The Government's decision to increase the targeted production of 300,000 homes per year in 2019 has also had a detrimental impact on this process as land previously earmarked for employment has now been made available for residential purposes (see footnote for more details)⁸¹.

The 2040 Future City Plan was released by Birmingham City Council at the start of 2023 and including an overarching strategy to expand the parameters of the city centre and accelerate the process of gentrification in different parts of the city. However, it was pointed out by those operating in the visitor economy that there was little reference to the importance of cultural venues in the Plan and the economic benefits they generate for the city – for example, museums in Birmingham are said to contribute £27m a year to the economy and having a strong cultural and sporting offer adds to the overall attractiveness of a region.

Furthermore, medium sized manufacturers operating in Birmingham questioned the validity of expanding the parameters of the city centre if areas such as the Jewellery Quarter would be targeted to build density residential buildings; clearly there is a concern amongst traditional manufacturers that they are being squeezed out of these areas despite the underlying contribution they make to the regional economy. In a similar vein, many referred to the fact that the WMCA Plan for Growth focusses largely on emerging industries (advanced manufacturing, gaming, life sciences for example) but little on traditional industries that play a huge part in the developing supply chains of these newer sectors.

“Cultural attractions will become key to reviving the high street and attracting people to city centres now that they are less of a destination for shopping and more for other leisure activities”. a medium-sized cultural charity

Common themes amongst larger firms

- Unintended consequences of curtailing HS2
- The perceived lack of a fully functioning transport system
- Planning issues

There was a common consensus amongst participants in all sectors that planning processes at the Local Authority level need to improve if we are to progress with infrastructure projects and new employment sites. A representative from a large property developer suggested that whilst investors are primed to invest cash in new building projects, many become frustrated with the archaic planning processes imposed by a number of local Councils. Practical issues often cited are a lack of staff in planning departments to process applications. According to a number of participants, many local

⁸¹ In December 2023, the Government responded to the consultation on the National Planning Policy Framework. The Government clarified that housing targets are now advisory and the 35% uplift for cities does not have to be provided for if there are exceptional circumstances which can be related to green belt, a change of character of a location and other factors. A useful summary has been produced by Gowling - [Changes to the National Planning Policy Framework | Gowling WLG](#)

authorities seemed reticent to give the green light to projects that were due to start in 2024 (given the wider economic uncertainty); the participants felt this lack of assurance would in turn dent investor confidence and have a ripple effect on the wider economy.

Many of the participants welcomed the news that the West Midlands had been chosen as one of three sites to house an Investment Zone and through the Devolution Deal, secured an agreement to establish six zones to help bring the levelling up agenda to life, particularly for those areas which have suffered from poor economic performance in the past such as East Birmingham and parts of the Black Country. Sites for the Investment Zone have also been identified as mentioned in the section above, however, representatives from a number of larger firms operating in the built environment questioned whether the funding provided to run the Zone would be sufficient to attract the size of business required to genuinely transform those areas. For example, additional Government funding (aside for the future revenue secured from business rate retention) to ensure the right infrastructure is in place for each of the sites would save time and accelerate the attraction of new businesses to the region that can drive productivity gains. Similarly, the importance of ensuring that activity from other parts of the region wasn't simply displaced to relocate to these sites was also cited as a key consideration. Participants highlighted the importance of having a strong international and national offering to attract new firms to the West Midlands seemed pertinent within this context.

Whilst many participants recognised the admirable desire to reduce congestion on our networks and improve air quality across the region, many lamented the transport options available to residents in the West Midlands. For example, a lack of joined up thinking seemed to permeate transport and planning strategies in major towns and cities across the region - neither seemed to compliment the objectives set out in either strand. One manufacturer gave the example of creating out of town business parks which suffer from a lack of suitable transport options which means employees end up using their cars and creating further congestion. From a Birmingham perspective, many seemed confused by the proposed introduction of the City Cells Initiative (compartmentalising access to the centre of Birmingham) for private cars and the knock-on impact this could have in moving goods and people around the city. Certain participants also felt it would be beneficial to introduce some form of multi modal ticketing system that allowed residents to use different modes of transport across different local authority boundaries and better encourage modal shift.

The decision to curtail the delivery of HS2 beyond Birmingham was also referred to within multiple sessions - namely around the impact it could have on future investment decisions but also concern that this decision have a knock on effect on localised transport plans that were predicated on HS2's arrival. Nevertheless, many firms also pointed that out that the region remains in a strong position because of the greater connectivity that HS2 will provide to the South and the wider investment opportunities this will bring to the region. The fact that over 8,000 jobs⁸² have been created in region as a result of the project was a testament to this point. In light of the HS2 announcement, a number of businesses felt it was essential that the delivery of the Midlands Rail Hub was accelerated in order to bring about greater inter and intra-regional transport connectivity. Once delivered, the Rail Hub is

⁸² HS2. (2023) <https://assets.hs2.org.uk/wp-content/uploads/2023/03/HS2ITWM-report-final.pdf>

expected to connect more than 50 stations and 7 million people and unlock a host of economic benefits⁸³. Participants noted the welcome extension of the tram route across the West Midlands but felt this needed to go further to be truly successful – namely through East Birmingham to Solihull and other parts of the region that are difficult to access.

“A lack of clear planning from the government is hindering progress on investment decisions which in turn is hindering the company’s growth plans. The recent u-turn on the northern leg of HS2 has harmed the industry’s confidence in investing in key infrastructure projects”. A large construction firm

Cross Cutting Enabler - People, Process & Skills

Common themes amongst micro/small businesses

- **Minimal interaction with academic institutions**
- **Problems sourcing suitable candidates from within the UK**
- **Leadership and management capability challenges**

A number of the business consultancies that participated in this exercise noted that many of the small organisations they work with struggle to balance tasks and struggle with the essential financial literacy– particularly around managing cash flow and setting clear business plans. In essence, it was suggested that this lack of business management knowledge can impede growth aspirations. A similar sentiment was expressed by several technology firms in relation to leadership and more broadly management capability. As touched upon in an earlier section of the paper, it was implied that a number of start-up firms struggle to scale up as they are not ready for investment from an external source. Participants shared their understanding that these businesses often lack the structure and governance required to attract outside investment and ultimately grow; much of was attributed to inexperienced leaders that lack the foresight or tools to embed the right internal structures.

Smaller businesses in the manufacturing sector noted the challenges of finding staff at all levels – with many commenting on the lack of suitable candidates at entry level and also having to recruit staff from overseas for more experienced professionals. Many of these organisations simply couldn’t afford those with specialist skills and had to bring in cheaper staff from outside the UK. Those operating in hospitality and retail organisations also highlighted the challenges they had faced post Brexit in hiring specialist staff in their industry. Firms operating the technology sector made a similar point – mainly that they struggled to find local candidates with the suitable technology skills and found it cheaper to recruit staff from the Middle East or India.

Another overarching theme which emerged was around the varying degrees of success businesses achieved in engaging with Further Education and Higher Education academic institutions in order to source candidates where they were currently struggling with recruitment challenges. Where interaction and engagement had taken place with these academic institutions, the feedback was

⁸³ Department for Transport. (2023) <https://www.gov.uk/government/news/west-midlands-to-benefit-from-96-billion-transport-investment>

generally very positive. However, the majority of businesses expressed a lack of awareness of how to go about approaching these institutions to help them source candidates and the relevant options that were at their disposal. Many of these conversations also reflected the findings from West Midlands Local Skills Improvement Plans which stated that almost three quarters of regional employers had not worked with post-16 education and training providers in the last 5 years⁸⁴.

“Recruitment and retention continues to be difficult, especially for chefs, green keepers, and personal trainers – there are unskilled jobs such as lorry driving which pay more which is driving people out of the skilled jobs in the leisure industry. We have had to increase pay to attract staff but this has added to cost pressures. -a small leisure business

Common themes amongst medium sized businesses

- **The evolution of training needs of staff**
- **Challenges associated with implementing net zero measures**

Those operating in the medium sized professional & financial service firms referenced the fact that it was more difficult to secure staff at managerial level – once again, given the lack of suitable candidates, some were forced to pay above the odds to secure the right candidate which had a direct impact on cash flow and overall cost pressures. The supply of candidates for entry level professional service firms remains high, however, many in this industry noted the challenges around flexible working (with younger professionals not able to learn from their more senior counterparts on a daily basis) and the fact that training needs of more junior staff are changing rapidly. Likewise, a number of participants in this sector (and within the built environment) shared their perception that graduates tended to move on more quickly than in comparison to their school leaver counterparts. Nevertheless, it was agreed that closer collaboration between the educational institutions and the private sector was essential if we are to fill these recruitment gaps and create a workforce for the future.

It was clear that medium sized and larger businesses across all sectors had started to make steps towards reducing their carbon footprint – many had dedicated teams that were designed to not only implement net zero measures but also explore new commercial opportunities in doing so. However, once again, the successful expansion of these teams was hindered by a lack of experienced sustainability experts in the market (especially at the more senior level). By contrast, smaller firms operating in various sectors recognised the importance of reducing their emissions but were struggling to do so as a result of the lack of financial resources required to implement change or not having the specialist knowledge to do so.

One common theme which emerged in relation to net zero was around having the correct baseline environmental data to implement meaningful changes, and for larger firms in particular, securing this information from their diverse supply chains. The conversations also reflect wider analysis the GBCC

⁸⁴ Coventry and Warwickshire Chamber of Commerce. (2023) <https://www.cw-chamber.co.uk/media/13214/west-midlands-and-warwickshire-lsip-final-030823-amends-highlighted.pdf>

has undertaken with firms in Greater Birmingham as part of their engagement around the net zero agenda. The three main barriers identified amongst local firms in terms of implementing net zero measures were cost (cited by 55% of businesses), knowledge/understanding (cited by 48%) and economic conditions (cited by 38% of firms)⁸⁵.

“When it comes to sustainability goals, Birmingham’s local authorities lack the ambitious forward-thinking strategy that Manchester have. Having ambitious environmental policies led by the local authorities would attract more people to do business in Birmingham – to date, it is said that the private sector has been a stronger driver in this area than the public sector, but real change needs to come in at a policy level.” - a medium-sized built environment consultancy

Common themes amongst larger businesses

- **Effective use of the Apprenticeship Levy**
- **Implications of AI**

Larger firms (particularly those operating in the Built Environment) were likely to dedicate more resources to hiring Apprentices however, they often faced issues around the difficulties in delivering training within the context of their day-to-day business activity and the bureaucracy involved with the process. One representative from a technology business referred to the Apprenticeship Levy as a “quasi business tax” and a number of participants called for more flexibility in the use of the levy funding to deliver more quality training to the apprentices. One large operator in the Utilities Industry explained that some key operational roles are not best suited to the structure of the Apprenticeship Programme – for example, it was suggested that the Levy route worked well for maintenance roles, but there are other areas of the business where staff do not need to complete the 12 month mandated training period as they can be upskilled in much less time – a commonly expressed view was that shorter and more modular training programmes are likely to be more suitable.

As noted at the start of this section around the intersectionality of these trends, there was agreement amongst firms of all sizes around the challenges associated with the Apprenticeship Levy. Smaller businesses operating in different sectors were less likely to use this approach and many were not interacting with Further Education institutions in attempting to source candidates. Smaller manufacturers were more likely to use their own networks to recruit Apprentices or school leavers – however, many struggled to find candidates that were interested in joining the industry which has a direct impact around long term recruitment and development plans.

The topic of Artificial Intelligence (AI) figured highly throughout the conversations. Larger professional, financial & business service firms noted the potential for process driven tasks to be delivered by AI – for example, one large accountancy firm referenced tax compliance tasks and another representative from a global law firm referred to using AI to undertake more basic drafting

⁸⁵ Greater Birmingham Chambers of Commerce. (2023) [Net Zero and Sustainability Report 2023 by greaterbirminghamchamberofcommerce - Issuu](#)

activities. Those operating in the visitor economy also referenced the use of AI in driving Artificial Reality experiences in a bid to attract a younger audience to their shows. Throughout the conversations it became clear that many firms understood the increasing importance of the topic, but remained unclear as to how it would impact their business moving forward – smaller organisations in particular seemed to have less direct planning dedicated to the use of this technology.

Nevertheless, two overarching themes emerged in relation to this topic. Those operating in the Professional Services and manufacturing sector suggested that using technology to undertake more basic tasks (as opposed to a junior member of staff) would mean the junior staff members would lack the basic foundations required to excel at the role in the long term. Secondly several technology businesses pointed out that educational course content on AI offered by universities and colleges would be rapidly out of date given the pace of technological change – for example, they shared the view that few universities offer courses on Large Language Models and their application in business. A selection of technology firms stated the importance of having technology specialists help shape the curriculum in order to ensure the content remains current and relevant in this evolving landscape. In a similar fashion, the issue around cyber security was becoming increasingly relevant for businesses of all sizes. Larger firms tended to have dedicated more resource to this topic, however, it was stressed that smaller firms will need more support and education in this field given the potential ramifications a cyber-attack can have on a business. It was also agreed that whilst the UK was home to world class technology firms, we needed to build a stronger pipeline of cyber skills in order to cement our position as a world leader in this field.

“The Apprenticeship levy does not respond to industry demand and the education system is too heavily based on qualifications and not outcomes.” Large Manufacturer

Cross Cutting Enabler: The Business Eco-system

Common themes amongst Micro/small businesses:

- **Access to grant funding**

Many micro and small organisations referred to the challenges they face in attempting to secure finance in a bid to grow their business. A number of participants referred to cash being available in the market, but the challenges they faced in securing it from lenders. A selection of manufacturers cited the risk averse nature of lenders (perceived to be particularly so in comparison to their European or Transatlantic counterparts) which acts as a break on growth. The length of repayment terms was often cited as an issue for businesses operating across the sectors, with several businesses stating the view that banks are reluctant to lend over a period longer than 5 years, given the uncertain economic climate we find ourselves operating in.

Smaller firms in particular seemed unsure as to how to go about to secure additional finance beyond approaching the organisation they Bank with. One specialist financial service firm that tends to work with SMEs across all sectors said many of his customers were unaware of the support they were eligible to access (particularly from alternative finance providers) and where awareness of the actual

programmes existed, there is a reticence to apply given their perceived uncertainty around the approach required to secure the loan or grant. A number of small manufacturers echoed this point but also said they tended to be directed to loan schemes when attempting to access finance – many felt some form of Grant Funding would be more applicable for their business as it can take longer to realise the benefits of investing in new technology and products.

Members from the Ethnic Minority Business (EMB) community also raised similar points – namely that it is common for the black community of entrepreneurs to be underrepresented within the key networking circles where financial support is promoted. In turn, this generally results in them missing a deadline to apply or the particular programme being oversubscribed. Many of these sentiments were reflected in a study conducted by Aston University which outlined the challenges EMBs' face in securing finance and that tackling the issue of high levels of discouragement could effectively increase their uptake of Bank Finance and help them flourish⁸⁶.

*“Business support in terms of Grants for Capital equipment spend is a big help when looking at growth”
– Small manufacturer*

Common themes amongst medium sized businesses:

- **Lack of consistency in public policy**
- **Onerous procurement processes**

Many businesses cited the complexity involved in understanding which regional stakeholders had responsibility for a particular growth strategy or business support programme. Many smaller firms shared the difficulties they faced in securing grant funding from various local authorities across different parts of the region. A number of businesses cited onerous application processes and various bureaucratic obstacles which slowed the process down. One participant noted that whereas previously businesses could approach their local Growth Hubs to help navigate these procedures, the fact that these organisations had mainly been replaced by a new centralised function (Business Growth West Midlands) in the WMCA seemed to add a new layer of uncertainty and made it harder to secure support. It was clear that many businesses want to see a simplification of who is responsible for what and how can businesses better engage with these stakeholders that deliver these programmes.

Changes to the local political landscape are also proving to be challenging. A prominent automotive business in the region namechecked the importance of the Local Enterprise Partnership (LEP) in helping to establish a technology cluster in their area; the LEP played an important role in securing funding to embed the right infrastructure for the site and offered business rate reductions in order to attract companies to the site – however, since the announcement that the LEPs were being wound down, this particular organisation was concerned about the likelihood of a new body being able to

⁸⁶ Aston University: Centre for Research in Ethnic Minority Entrepreneurship. (2023) [CREME-NWG-Time-to-change-report \(2\).pdf](#)

replicate this convening role and the knock on impact this could have on attracting investment to the region. Whilst the introduction of Investment Zones and Levelling Up Zones were welcomed by the majority of participants, it was clear that businesses want to see greater collaboration between the public and private sector in order to drive commercial opportunities.

In a similar vein, a number of organisations highlighted the challenges they faced in securing work on local public sector projects. Whilst it was agreed that projects such as HS2 and the Commonwealth Games had created thousands of opportunities across the region, many businesses felt ill equipped to bid for work on these programmes. For example, a number of smaller and medium sized businesses in the region felt unable to fulfil the Environmental, Social and Governance criteria attached to various projects and lacked the time or resource required to enter the bid process. This in turn tends to create the unintended consequence of larger businesses from outside the region securing work on these projects.

“When there is a requirement for contracts to come from a local company, multinationals can simply have a correspondence address in the region which makes them eligible to apply, which is unfair to businesses that are embedded in the fabric of the region.” Medium sized technology firm

Common themes amongst larger businesses:

- **Input into regional industrial strategies**
- **Shaping place based marketing strategies**

Whilst the introduction of Investment Zones and Levelling Up Zones were welcomed by the majority of larger participants, businesses reported wanting to see greater collaboration between the public and private sector in order to drive commercial opportunities and shape regional industrial strategies. Several participants pointed to previous successful collaborations between the public and private sector which had accelerated growth – namely the redevelopment of Chamberlain Square and Paradise in central Birmingham following the introduction of an Enterprise Zone. A number of businesses pointed out the lack of strategic collaboration when it came to Regional Development Plans and the detrimental impact this can have on strategic planning. One participant namechecked Dudley Council’s abrupt decision to pull out of the Black Country Plan (due to concerns around building houses on greenbelt sites) despite spearheading the original plans as a relevant example.

It was agreed that the West Midlands as a whole had played an important role in projecting a unified image of the region during the Commonwealth Games – however, many larger firms agreed that the momentum build up in that two-week period last summer had since dissipated. Comparisons were made with our counterparts in Manchester that seemed to be able to work together on a more coherent basis and consistently reach consensus and agreement on key issues – something that stakeholders in our region were said to be lacking. More generally, many participants felt that a stronger marketing image for the region was required in order to attract more overseas investment – however, this meant trying to focus on the region’s USP and how to ensure that all parts of our ecosystem are geared towards the delivery of that vision.

It was also noted that place-based marketing campaigns focused on cities rather than the region as a whole were considered more impactful. In addition, concerns were raised around the fiscal challenges that all local authorities face and the knock-on impact that can have on attracting investment. For example, Birmingham City Council's financial challenges have been well documented, which in itself can project a negative image to potential investors. In addition, a number of Birmingham based firms voiced concerns around the cuts that were likely to take places to services and the impact that could have on city centre firms – this could range from cleanliness, street lighting and transport options – there were concerns raised that higher crime rates are less likely to attract people to shop and socialise in the city which is likely to have a bearing on the nighttime economy in particular.

“Industrial strategy and policy at the national level can change so frequently that businesses cannot keep up with planning for and implementing the necessary changes, therefore local authorities need to focus on providing robust support measures that are unaffected by these changes so that businesses can plan against a more predictable landscape.” -a large international law firm.

Sector specific trends that impact growth prospects for businesses

Throughout each of the sector specific evidence hearing sessions, it became clear that unique trends emerged for businesses dependent on the sectors they were operating in. In this section, we briefly summarise a selection of the points raised in the individual evidence hearing sessions, however the points are underpinned by the cross-cutting enablers which have framed the analysis throughout the report.

Banking, Professional and Business Services (BPFS)

- Many of the larger Banking institutions that contributed to the evidence gathering sessions touched on the growth strategies that many of their clients in various sectors are pursuing via acquisition, but many also noted apprehension around achieving growth amongst their client base whilst incorporating net zero and technological targets within their long-term business plans.
- The growth of the fintech industry in the region was noted as an exciting development by a number of BPFS firms with the sector growing rapidly over the past five years
- Leading law firms in the region namechecked the fact that growth was largely dependent on attracting the right people to stay within the Midlands, given that London firms (and those based overseas) are offering much higher salaries for specialised skillsets. Other law firms referenced that previously they had focused on hiring fee earners at mid-level and senior level, however, given the broader employment challenges in the market, the organisations now prefer to grow talent organically by hiring graduates and apprentices and developing them through the business
- A selection of BPFS businesses pointed to the importance of having a strong local finance and private equity community in the West Midlands in order to boost prospects for prosperity. Much of this community was particularly impacted by the 2008 financial crisis but many felt this was slowly returning with large global corporations opening offices across the region. Nevertheless, it was noted that the low number of specialist corporate finance boutiques in the region (in comparison to London) acts as a deterrent on driving wealth creation across the West Midlands.
- AI acts as an opportunity for firms to advise clients on how to navigate laws and regulations for new technologies but is also a threat in terms of commoditizing lines of service and therefore reducing profit margins; as a result a number of firms in this sector are focusing on high-revenue services that require skilled human resource.

Hospitality, Retail & Visitor Economy

- Firms operating in the visitor and night-time economy highlighted increasing levels of anti-social behaviour and lack of policing which is impacting customer flows. Many in the industry are concerned around the long-term impact of local Government funding cuts and how this could exacerbate these trends.
- Many of the leading cultural institutions in Birmingham see growth potential in attracting new audiences through continued diversification of its performances. To achieve more sustained growth of revenue and audience numbers, more needs to be done to create opportunities for creative professionals in the city to incentivise them to stay in the region.
- It is anticipated that HS2 improving links to London will make it easier for people to come and work in the performing arts sector in the West Midlands; this will be important for growing the region's arts exports.
- The reduced resources allocated to arts subjects in schools over the last decade has had a direct impact on the pipeline of talent entering the industry. Salaries in the cultural and arts sector are generally lower than their private sector counterparts due to a reliance on public funding.
- Leading sporting venues in Birmingham also discussed the importance of diversifying their income streams but are reliant on improvements in the local transport network to allow customers better access to stadiums.
- The difficulty of recruiting the right calibre of staff into hospitality and events roles has been exacerbated since the pandemic, with many leaving the industry for new roles.
- The designer outlets and shopping centres that participated in the sessions pointed to footfall levels recovering to pre-pandemic levels and utilising AI in order to create new customer experiences in order to negate the impact caused by online shopping.
- Participants from this sector expressed the need for a new place-based marketing strategy which showcased the unique characteristics of the region and the need for greater collaboration across the sector in order to drive up visitor numbers.

Technology & creative services

- It was recognised that the region's creative cluster has witnessed significant development over the last 10 years. Bodies such as Create Central were highlighted as playing a vital role in enabling local businesses in the creative sector to retain their original IP which will play a huge role in helping these businesses to scale up and develop.
- The expansion of the UK Government's Creative Growth Programme will play an important part in developing the nascent gaming sector in the region whilst also helping local firms monetise content and chart pathways to new markets.
- The evolution of Artificial Intelligence is impacting the creative industry to such an extent that specific skills training is rendered obsolete very quickly. The money secured from Creative UK's £35m Investment Fund will hopefully create more flexible and transferable skills training in a bid to make the creative industry more resilient to macro-economic changes.

- A number of technology firms lamented the lack of funding support for pre-seed stage businesses and it was agreed that more must be done to drive interest from international and London based firms around the investment opportunities in the region.
- It was suggested that bodies such as Tech WM play a vital role in developing the industry and initiatives such as Tech Week are a cornerstone for the local industry. Firms wanted to see more year round activity to allow local technology firms to build links, attract investment and grow the profile of the sector.

Manufacturing

- Energy costs are particularly prevalent for those energy intensive users that signed agreements at the height of the energy crisis following Russia's invasion of Ukraine.
- The relatively recent rise in levels of inflation and interest rates are making it more difficult to secure raw materials which further impacts the ability to deliver orders on time and adds to overall costs.
- The region lacks suitable premises for manufacturers – many manufacturers are still operating in outdated older buildings which lack energy efficiency and wanted to see more purpose-build manufacturing premises being built as warehouses are too big and unsuitable. The compulsory purchase of land for HS2 has not helped the availability of suitable space for potential manufacturing premises. With Birmingham being known as the 'city of 1000 trades', it is essential that we create the space for local grassroots production.
- Despite Birmingham's heritage of manufacturing, many manufacturers in the area felt that unused commercial properties in the Jewellery Quarter have been redeveloped for residential use, which is creating a scarcity of appropriate premises. Furthermore, there are many more warehouses being built now, which highlights the decline in demand of locally manufactured goods in favour of cheaper imports.
- According to the manufacturers that participated in the sessions, training programmes that are aimed at students entering the manufacturing industry tend to now be more technologically focussed and do not provide the basis in practical skills required to forge a successful career – criticisms over the inflexibility of the Apprenticeship Levy programme was also cited frequently.

Built Environment

- A clear lack of planning from the Government is hindering progress on investment decisions which is directly impacting business plans for those operating in the built environment
- The recent u-turn on the Northern Leg of HS2 has also harmed industry confidence in investing in key infrastructure projects and casts doubts on the UK's ability to deliver infrastructure projects of this scale, which in turn, can deter international investors from investing in the United Kingdom

- Larger firms operating in the Utilities sector are now integrating AI into their processes by using predictive analytics to test current infrastructure to see how it will fare in extreme weather and how it can be upgraded
- Airports across the region cited the challenges in attracting new airlines and convincing them to connect with the West Midlands – participants from this sector highlighted the need for developing a better international brand for the region in order to attract more high profile airlines.

Strengths and assets across the business community that contribute to the region's growth

Across the various evidence hearing sessions, the following factors were consistently cited as strengths that drive growth in the region:

- **The central location of the region within the country**

Whilst using public transport across the region was cited as a prominent issue, the connectivity to the rest of the country offers huge commercial benefits. In particular, the region is well placed for distributing manufacturing goods across the country- reaching 92% of the UK population within 4 hours. The advent of HS2 will also lead to better connectivity to the south of the country and further drive economic growth as outlined in the previous sections. However, it was recognised that the project also had a significant role to play in the wider regeneration of our towns and cities. For example, the regeneration of the Curzon Street & Digbeth area (without any further interventions from Government) is expected to accelerate the development of the Creative Quarter. The Martineau Galleries Development was originally estimated to create 8000 jobs, 1,300 homes and create over 10,000 jobs in the construction industry locally⁸⁷.

The global connectivity offered by Birmingham Airport (BHX) was also recognised as an important asset for the region. Despite the wide ranging challenges it faced during the pandemic, passengers numbers have steadily climbed over the past 18 months. The Airport also remains a key driver of economic activity in the region - in 2022, BHX contributed £1.5bn to the region and supported 30,900 jobs. By 2033, bolstered by the additional connectivity that HS2 will provide, BHX expects a 50% growth in customer numbers compared to 2023, which would take GVA to £2.1bn for the region and support over 34,000 jobs. The Airport also plays a vital role as an international gateway to the globe - with 54 airlines connecting to 400 destinations across the globe⁸⁸.

- **A strong education eco-system**

Whilst recognising the hiring challenges a number of firms face, many businesses highlighted the strength of the workforce on offer in the region. It was acknowledged that the West Midlands is home to a number of world class universities and leading FE Colleges which play an important role in shaping the workforce of the future. The official data supports this observation. Research published by the WMCA highlighted the economic contribution universities across the West Midlands make to the

⁸⁷ West Midlands Combined Authority. (2021) <https://www.wmca.org.uk/media/4530/hs2-growth-strategy-2021-accessible.pdf>

⁸⁸ Birmingham Airport. (2018) [Here for your journey - Birmingham Airport Website](#)

regional economy. In 2019/20, the universities educated over 180,000 students, employed over 25,000 staff and contributed £4.8bn to GDP over a year period. Due to the region's strong transport connectivity, it is estimated that there are over 230,000 skilled workers within a 45-minute radius of the region⁸⁹. 61% of graduates also tend to stay on to work in the West Midlands once they complete their studies.

The Universities also play an important in developing the innovation ecosystem as referred to in the earlier section of the report. The local innovation ecosystem also includes a host of leading science and technology parks across the West Midlands and the work of the likes of the High Value Manufacturing Catapult and the Energy Systems Catapult has been commended for its contribution to driving innovative practices throughout the region.

- **The pace of positive change has accelerated over the last decade**

Many participants commented on the development of the region over the last 10 years – prior to the pandemic, the region was the fastest growing economy outside of London and had attracted a number of anchor institutions to the region such as Deutsche Bank, HSBC and more recently Goldman Sachs – which all points to a region on the up. It is reassuring to see that despite the well documented challenges that Birmingham City Council is currently facing, organisations such as Goldman Sachs are still pressing ahead with ambitious growth plans, with the business soon set to relocate to a new location which can potentially accommodate a thousand people.

Moreover, the region is home to globally renowned organisations such as Jaguar Land Rover, Mondelez, EON, BT and the likes of Amazon which adds to the burgeoning reputation of the region as a destination of choice for businesses across the globe. Many of the participants also felt the attractiveness of the region had been bolstered by the advent of the 2022 Commonwealth Games. A record 1.5 million tickets were sold for Birmingham 2022, the largest multi-sport event hosted in England in 10 years and more than 5 million people visited Birmingham during the two weeks from 25th July – a 200% increase on the same period in 2021. In addition, Birmingham 2022 events had an estimated total global viewership of 834.9 million and over 215 million digital views and 141 million interactions on social media⁹⁰.

- **A strong manufacturing heritage, established professional services sector and growing technology sector**

Whereas it was recognised by a number of firms that exciting opportunities lie in technologies such as digitisation, alternative fuels and life sciences, many businesses felt our manufacturing heritage offered great value to the region. In particular, the role of traditional manufacturers has played an important part in attracting these organisations in emerging sectors and it is vital that these traditional

⁸⁹ Innovate UK. (2023) [Innovate-UK West-Midlands-Action-Plan_PW_AW2-Digital.pdf \(ktn-uk.org\)](https://www.innovateuk.com/~/media/63c0298c8fa8f513b7a1a1db/Interim_Evaluation_of_the_Birmingham_2022_Commonwealth_Games_-_Interim_Evaluation_Report.pdf)

⁹⁰ Birmingham 2022 Commonwealth Games & HM Government. (2023) https://assets.publishing.service.gov.uk/media/63c0298c8fa8f513b7a1a1db/Interim_Evaluation_of_the_Birmingham_2022_Commonwealth_Games_-_Interim_Evaluation_Report.pdf

manufacturers are given the support they require to adapt to the needs of our modern regional economy. The wider manufacturing industry supports 317,000 in the region (with a particular focus on automotive and aerospace engineering). Fifty of the largest manufacturers account for £3.5bn of gross value added per year – on average, the economic contribution of these jobs is 48% above the UK average for the sector.

Whilst the likes of Centre for Cities and the Resolution Foundation have rightly pointed out the productivity gains that can be made at building on knowledge intensive industries such as IT, insurance, finance and education, organisations like the HVM Catapult are playing an important to try and bolster the output of the wider manufacturing base in the region by focussing on innovation and research. HVM Catapult also points out that the wider GVA per job of the wider manufacturing sector in the West Midlands is below the national average by 10%. If regional and national stakeholders can help to alleviate the cost pressures these firms are facing, support them invest in their people and products and attracting more inward investment to the region, then we can start to narrow this productivity gap. By mirroring the national average for the wider manufacturing base, the regional economy would likely see a boost of around £1.5bn⁹¹.

The strength of our Banking, Professional & Financial Services sectors were also consistently namechecked by businesses across the evidence hearing sessions as a springboard for growth and the official statistics underline its growing prominence (see P28 of the report for more details). Participants also singled out the development of the technology sector in our region as a promising sign of growth. The emerging technology sector in the West Midlands continues to grow at pace. In 2021, the region was namechecked as the country's fastest growing technology sector and the digital industries across the region are projected to add £2.7bn to the economy by the middle of the decade and also create up to 52,000 new jobs. The West Midlands Tech Review of 2023 revealed that the combined value of the region's technology system in 2022 was £15.3bn with 144,000 working in technology roles across the West Midlands. The Review also emphasised that the number of tech incorporations in the region was 2,378 in 2022 – an increase of 25% in comparison to the year before⁹².

- **Access to networks**

In comparison to London, participants felt it was much easier to embed themselves in the fabric of the region – a smaller, more intimate business community means it is easier to access networks and stakeholders but also influence policy makers. Bodies such as the Local Enterprise Partnerships were created as business-led partnerships that brought together the private sector and local authorities; membership bodies such as Chambers of Commerce play an important part in not only creating connections between businesses but also representing the views of their members to regional and national stakeholders alike. Put simply, being smaller geographically can have its advantages when it comes to forging relationships and building long term partnerships that can help to drive long term prosperity and growth.

⁹¹ High Value Manufacturing Catapult. (2022) <https://hvm.catapult.org.uk/news/west-midlands-could-reap-1-5bn-a-year/>

⁹² UKTN. (2023) [Regional tech report: West Midlands - UKTN | UK tech news](#)

- **Harnessing the role of the West Midlands Mayor**

Since its inception in 2017, many of the participants commented on the important role the West Midlands Mayor had played in showcasing the best of the region to international investors and lobbying central Government for more power and funding over the past seven years. It was recognised by many that having a Mayor and the structure of the Combined Authority has created an economic advantage in comparison to the likes of the East Midlands in particular. In terms of moving forward, a number of participants expressed the view they would like to see the West Midlands Mayor continue to act as a beacon for the region on the global stage in order to make our region even more attractive to foreign investors as we look to build a strong economic foundation for the years ahead. In addition, many commented on the need for the Mayor and the Combined Authority to continue on the trajectory of securing more devolved funding and powers from Central Government to ensure true decision making lay in the hands of local stakeholders that are working closely with the local business community.

Next steps – Preparing recommendations for local, regional and national stakeholders

The final section of this report looks ahead to the publication of the next phase of our research. In March 2024, our final report will be released which will outline our recommendations for stakeholders, clearly delineated between local, regional and national actors. However, in order to prioritise our asks, we will combine the findings from the Interim Report with the primary findings of the quantitative research we conducted in November 2023.

By way of background, businesses were asked a series of survey questions (via our Quarterly Economic Surveys) which covered their growth ambitions and projections for the following 12 months. The survey questions also aimed to explore which factors were likely to align business activity over the coming year. These factors included:

- Reviewing headcount
- Investing in technology/artificial intelligence
- Reducing carbon footprint
- Trading internationally
- Investing in management training and development
- Investment in capital expenditure
- Investing in innovation/research and developing or procuring new products and services
- Procuring new products and services
- Attracting investment (venture capital, inward investment, foreign direct investment)
- Investment in office space/premises
- Diversifying products/services
- Reviewing supply chain resilience
- Energy costs
- Fuel prices
- Input costs

We also sought to understand the areas in which businesses would like to see local and national stakeholders intervene in order to unlock growth in the West Midlands. Topic areas included:

- Reforming the business rates system
- Making it easier for businesses to access long term finance to enable ongoing investment
- Improving the availability of employment land and premises
- Improving broadband infrastructure

- Investing in transport infrastructure
- Improving planning regulation
- Improving business taxation models
- Streamlining business regulation
- Support for businesses to invest in net zero measures and transition away from fossil fuels
- Provide support for training businesses in the use of Artificial Intelligence and Industry 4.0 technologies
- Improving the supply of housing
- Improving trading relations with the European Union and other key international markets
- Adopting innovative methods of revitalising our high streets
- Ensuring we have the energy resilience to meet future requirements

Cultivating closer relationships between Education Institutes (schools, further education, higher education, training providers) and employers

Open ended free text questions are also utilised to capture other policy interventions which businesses might feel important in driving growth prospects across the region. The quantitative questions aimed to reflect the initial themes which has emerged from the evidence hearing sessions and recommendations will be made to mirror the cross-cutting enablers which have underpinned the whole of this study. As set out in the introduction to this report, the final publication will not only recommend policy changes, initiatives, areas for further research or other interventions required locally, regionally or nationally to better enable business growth but also map the existing initiatives, interventions and actors aimed at enabling business growth in the region.

Appendix

Business participants in evidence gathering sessions conducted by Greater Birmingham Chambers of Commerce:

	Dash Virdee Consultant	J&E Sedgwick & Company
	Doji	Juniper Training
	Edgbaston Stadium	Key Tracker
Albert's Schloss	EFG Harris Allday	Kier
ART Business Loans	Entec-Si	KMB Shipping Group
Balfour Beatty	Every Child Needs a Mentor	Lawrence Cleaning
Birmingham Airport	Fitniss (representing BCON)	Legacy Habitat Bank
Birmingham Hippodrome	Fracino	Lloyds Banking Group
Birmingham Metropolitan College	Funding Hero	Lumien
Birmingham Museums Trust	Galliard Homes	Lunar Agency
Birmingham Royal Ballet	Gowling WLG	Mazars
Birmingham Wholesale Market	Hemiko	McArthurGlen Designer Outlet
Black Business Magazine (representing BCON)	Hoare Lea	Mills and Reeve
Black Country Innovative Manufacturing Organisation	Horiba Mira	Minerva Business Angels
Calthorpe Estates	HS2	Natwest
Colliers	HSBC UK	NEC Group
Crowe UK	IM Properties	Pertemps Network Group
Curium Solutions	Innovation Alliance West Midlands	Petalite
Daniel Scott Recruitment	Intercity	Pinsent Masons
	IPU Group	Prime Accountants
		Prime Box

Prosperity Wealth	Vaughtons	Coltman Warner Cranston LLP
RCL Partners	Virgin Money	
RSM	Warwick Acoustics	Coventry & Warwickshire Growth Hub
Run Your Fleet	West Midlands House Ltd	Coventry City Council
Schumacher Packaging	Worksmiths	Game on Coaching t/a The Marketing Trainer
Selfridges	WSP	
Severn Trent		HORIBA MIRA Ltd
Squire Patton Boggs	Participants in a feedback session conducted by Coventry and Warwickshire Chamber of Commerce:	Jamieson Christie Wealth Management Limited
Staying Cool at the Rotunda		Jeremy Wright
Tech West Midlands		John Good Limited
The Barn at Berryfields		John McGuigan
The Branston Club	Agility Cyber	Kathy Armstrong
The Eastside Rooms	Askews Legal LLP	KSM Recruitment Ltd
The Recruitment Duo	Avon Studios Photo & Videos	Lily Samuels Nutrition
Thomas Dudley Group		My Trusted Wills and Estate Planning
Timmins Whitaker	Azets	Net Visibility
Tin Ventures (representing BCON)	BBC Coventry & Warwickshire	Nuneaton & Bedworth Borough Council
Touchwood	Bear Cleaning & Waste Management Ltd	Office of the Police and Crime Commissioner for Warwickshire
UB Healthcare	Bright Network	
Unique Venues Birmingham	Burgundy Computing	Paul Sullivan
United Carpets	Chin Badger Media	Peter Burns
University of Birmingham		Pink Connect Ltd

PLMR Advent	Rugby Borough Council	The Shakespeare Hospice
Prime Accountants Group	Squires Gear & Engineering Ltd	Toucan Blue
Procure Business Finance Limited	Stratford District Council	University of Warwick
Reuben Lynch Toastmaster	SURE! Creative Limited	Warwick District Council
RH Utilities Ltd	The M Guru	Warwickshire County Council
Rix Petroleum Midlands Ltd	The Royal Shakespeare Company	Whittaker Associates (Worcestershire) Ltd

Commissioners



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Chair of the Business
Commission West Midlands



Sandra Wallace CBE
JOINT MD, DLA PIPER



Declan Allen
MD, HORIBA MIRA



Carmen Watson
Chair, Pertemps



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CEO, LIONCROFT



Jeanette McFarland
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Opening Solutions



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